



Central Union High School District

County of Imperial
El Centro, California

Audit Report

June 30, 2023



WILKINSON HADLEY
KING & CO. LLP
CPAs AND ADVISORS



Central Union High School District

Table of Contents

June 30, 2023

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	11
Statement of Net Position	11
Statement of Activities.....	12
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Notes to the Financial Statements.....	19
REQUIRED SUPPLEMENTARY INFORMATION	65
Budgetary Comparison Schedule – General Fund.....	65
Schedule of the District’s Proportionate Share of the Net Pension Liability - CalSTRS	66
Schedule of the District’s Contributions - CalSTRS	67
Schedule of the District’s Proportionate Share of the Net Pension Liability – CalPERS.....	68
Schedule of the District’s Contributions - CalPERS	69
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios – CUHSD Retiree Health Plan.	70
Notes to Required Supplementary Information	71
COMBINING STATEMENTS AS SUPPLEMENTARY INFORMATION	75
Combining Balance Sheet – Nonmajor Governmental Funds.....	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	76
OTHER SUPPLEMENTARY INFORMATION	77
Local Education Agency Organization Structure	77
Schedule of Average Daily Attendance.....	78
Schedule of Instructional Time.....	79
Schedule of Financial Trends and Analysis.....	80
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	81
Schedule of Charter Schools.....	82
Schedule of Expenditures of Federal Awards.....	83
Notes to the Schedule of Expenditures of Federal Awards	84

Central Union High School District

Table of Contents

June 30, 2023

OTHER INDEPENDENT AUDITORS' REPORTS	86
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	88
Independent Auditor's Report on State Compliance and on Internal Control over State Compliance.....	91
AUDITOR'S RESULTS, FINDINGS & RECOMMENDATIONS	94
Schedule of Auditor's Results	94
Schedule of Findings and Questioned Costs.....	96
Schedule of Prior Year Audit Findings.....	97

Independent Auditor's Report

To the Board of Education
Central Union High School District

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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, 2023, the District adopted new accounting guidance, *GASB Statement No. 96, Subscription-Based Information Technology Arrangements*. 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 *2022-23 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 December 11, 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.



El Cajon, California
December 11, 2023

CENTRAL UNION HIGH SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2023
(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, 2023. 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 2021-22 to 2022-23 was \$7,266,194 (13.67%).
- The general fund expenditures increased by \$9,682,079 (12.51%) over the previous year amount.
- General Fund revenues and other sources exceeded expenses and other uses by \$9,992,222.
- The General Fund ended the fiscal year with 6.74% reserves in unassigned fund balance.

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 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 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 2022-2023?"

The change in net position is important because it tells the reader that, for the district as a whole, the financial position of the 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 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 district's activities are reported in governmental funds. The District's major funds are the General Fund, County School Facilities Fund, and the Special reserve Fund for Capital Outlay Projects. All other governmental funds are aggregated into one nonmajor governmental funds column. 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.

FINANCIAL ANALYSIS OF THE GOVERNMENT WIDE STATEMENTS

The district as a Whole

The District's net position was \$84.6 million at June 30, 2023. Of this amount, unrestricted net position was (\$34.7) million, net investment in capital assets was \$64.7 million, and restricted net position was \$54.6 million. A Comparative analysis of government-wide statement of net position is presented in Table 1.

The District's net position increased \$41.4 million this fiscal year (See Table 2). The District's expenses for instruction, instruction related, 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 on plant services and other expenses. (See Figure 2).

(Table 1)
Comparative Statement of Net Position

	Governmental Activities			
	6/30/2023	6/30/2022	Change	% Change
Assets				
Cash and Investments	\$ 72,555,297	\$ 40,313,239	\$ 32,242,058	79.98%
Accounts receivable	5,986,337	3,794,080	2,192,257	57.78%
Inventory	75,370	117,084	(41,714)	-35.63%
Prepaid Expenses	3,500	-	3,500	100.00%
Lease receivable	270,646	60,628	210,018	346.40%
Capital assets, net	95,335,590	90,636,543	4,699,047	5.18%
Lease assets, net	2,006,201	2,226,751	(220,550)	-9.90%
Subscription assets, net	61,627	-	61,627	100.00%
Total Assets	\$ 176,294,568	\$ 137,148,325	\$ 39,146,243	28.54%
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	\$ 20,685,580	\$ 15,952,746	\$ 4,732,834	29.67%
Total Deferred Outflows of Resources	\$ 20,685,580	\$ 15,952,746	\$ 4,732,834	29.67%
Liabilities				
Accounts payable and other current liabilities	\$ 2,324,382	\$ 2,514,778	\$ (190,396)	-7.57%
Unearned revenue	4,257,048	3,431,706	825,342	24.05%
Long-term liabilities	97,789,160	79,071,816	18,717,344	23.67%
Total Liabilities	\$ 104,370,590	\$ 85,018,300	\$ 19,352,290	22.76%
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	\$ 7,976,562	\$ 24,865,310	\$ (16,888,748)	-67.92%
Total Deferred Inflows of Resources	\$ 7,976,562	\$ 24,865,310	\$ (16,888,748)	-67.92%
Net Position				
Net investment in capital assets	\$ 64,734,444	\$ 61,283,564	\$ 3,450,880	5.63%
Restricted	54,617,510	18,105,869	36,511,641	201.66%
Unrestricted	(34,718,958)	(36,171,972)	1,453,014	-4.02%
Total Net Position	\$ 84,632,996	\$ 43,217,461	\$ 41,415,535	95.83%

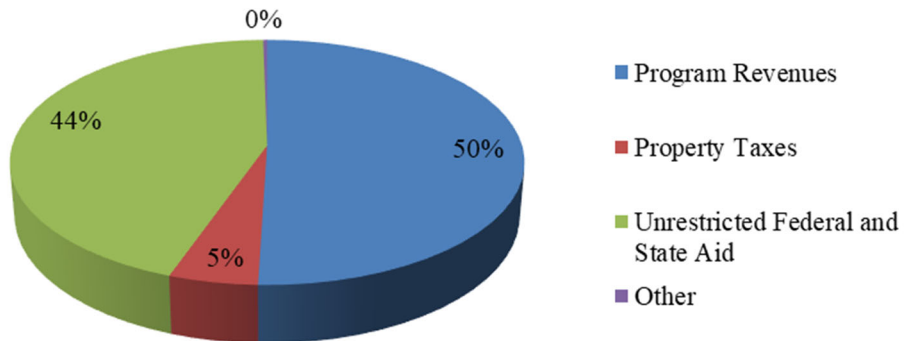
(Table 2)
Comparative Statement of Change in Net Position

	Governmental Activities			
	Year Ended 6/30/2023	Year Ended 6/30/2022	Change	% Change
Revenues				
Program revenues				
Charges for services	\$ 914,559	\$ 1,141,023	\$ (226,464)	100.00%
Operating grants and contributions	35,816,149	17,846,322	17,969,827	100.69%
Capital grants and contributions	28,287,785	1,741,353	26,546,432	1524.47%
General revenues				
Taxes levied for general purposes	5,281,022	5,346,113	(65,091)	-1.22%
Taxes levied for debt service	1,067,058	901,184	165,874	18.41%
Federal and state aid not restricted	57,040,858	49,140,906	7,899,952	16.08%
Interest and investment earnings	(452,486)	(782,750)	330,264	-42.19%
Miscellaneous	817,033	697,702	119,331	17.10%
Total Revenues	128,771,978	76,031,853	52,740,125	69.37%
Expenses				
Instruction	48,079,934	38,299,523	9,780,411	25.54%
Instruction Related Services	9,230,560	6,677,615	2,552,945	38.23%
Pupil Support Services	10,892,966	8,852,757	2,040,209	23.05%
General Administration	5,817,323	5,132,452	684,871	13.34%
Plant Services	7,760,734	6,401,753	1,358,981	21.23%
Other Expenses	5,574,926	4,540,041	1,034,885	22.79%
Total Expenses	87,356,443	69,904,141	17,452,302	24.97%
Increase (Decrease) in Net Position	41,415,535	6,127,712	35,287,823	575.87%
Net Position - Beginning Balance	43,217,461	37,089,749	6,127,712	16.52%
Net Position - Ending Balance	\$ 84,632,996	\$ 43,217,461	\$ 41,415,535	95.83%

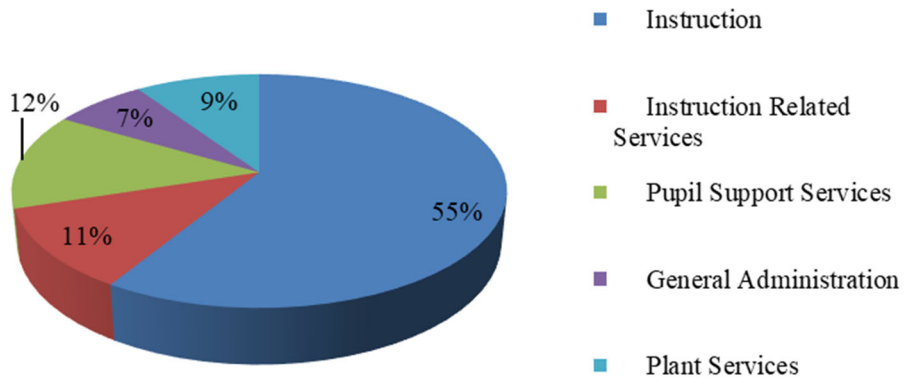
GOVERNMENTAL ACTIVITIES

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$87.3 million. The amount that our local taxpayers financed for these activities through property taxes was \$6.3 million. Federal and State aid not restricted to specific purposes totaled \$57 million. Operating grants and contributions revenue was \$35.8 million. Operating grants and unrestricted federal and state aid and covered 100% of the expenses of the entire District (See Figure 1).

**Sources of Revenue for the 2022-23 Fiscal Year
Figure 1**



**Expenses for the 2022-23 Fiscal Year
Figure 2**



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 \$72.5 million, an increase of \$33.8 million from the previous fiscal year’s combined ending balance of \$38.7 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 \$0.7 million.

The District ended the year with a decrease of \$9.96 million to the general fund ending balance. The State recommends available reserves of 3% of total general fund expenditures and other financing uses of the general fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital 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
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
Land	\$ 8,163,554	\$ 8,163,554	\$ -	0.0%
Work in Progress	3,613,857	38,482,637	(34,868,780)	-90.6%
Land Improvements	6,102,551	5,761,238	341,313	5.9%
Buildings & Improvements	117,374,829	78,798,197	38,576,632	49.0%
Equipment	17,811,772	14,273,812	3,537,960	24.8%
Less Accumulated Depreciation for				
Land Improvements	(5,263,023)	(5,164,930)	(98,093)	1.9%
Buildings & Improvements	(42,019,389)	(40,223,058)	(1,796,331)	4.5%
Equipment	(10,448,561)	(9,454,907)	(993,654)	10.5%
Lease Assets	3,081,421	3,072,253	9,168	0.3%
Less Accumulated Amortization	(1,075,220)	(845,503)	(229,717)	27.2%
Subscription Assets	82,840	-	82,840	100.0%
Less Accumulated Amortization	(21,213)	-	(21,213)	100.0%
Total	<u>\$ 97,403,418</u>	<u>\$ 92,863,293</u>	<u>\$ 4,540,125</u>	<u>4.9%</u>

Long-Term Debt

The following represents a comparative schedule of the District's long-term debt outstanding.

(Table 4)
Comparative Schedule of Long-Term Debt
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>	<u>Net \$ Change</u>	<u>Net % Change</u>
General Obligation Bonds	\$ 30,210,852	\$ 30,503,020	\$ (292,168)	-0.96%
Leases Payable	2,442,040	2,613,265	(171,225)	-6.55%
SBITAs Payable	<u>16,082</u>	<u>0</u>	<u>16,082</u>	<u>100.00%</u>
Total Long-Term Debt	<u>\$ 32,668,974</u>	<u>\$ 33,116,285</u>	<u>\$ (447,311)</u>	<u>-1.35%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

The governor's 2023-24 Budget Act addresses a significant decline in revenues following two years of unprecedented General Fund growth, which resulted in a state shortfall of more than \$30 billion. Despite the shortfall the governor provided a cost of living adjustment of 8.22% to the Local Control Funding Formula, funding for universal school meals, transitional kindergarten, community schools, and the expanded learning opportunities program for an overall increase in funding to schools for the 2023-24 fiscal year.

Despite increases in school funding, costs of salaries, pensions, and other employee benefits continue to rise. With declining enrollment, the District is monitoring the budget closely to ensure all financial obligations are met and the District remains fiscally strong.

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, CA 92243.

Basic Financial Statements

Central Union High School District

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 72,555,297
Accounts Receivable	5,986,337
Inventory	75,370
Prepaid Expenses	3,500
Lease Receivable	270,646
Capital Assets:	
Land	8,163,554
Land Improvements	6,102,551
Buildings & Improvements	117,374,829
Equipment	17,811,772
Work In Progress	3,613,857
Less Accumulated Depreciation	(57,730,973)
Lease Assets	3,081,421
Less Accumulated Amortization	(1,075,220)
Subscription Assets	82,840
Less Accumulated Amortization	(21,213)
Total Assets	<u>176,294,568</u>
Deferred Outflows of Resources	<u>20,685,580</u>
Liabilities	
Accounts Payable and Other Current Liabilities	2,324,382
Unearned Revenue	4,257,048
Long-Term Liabilities:	
Due Within One Year	582,841
Due In More Than One Year	97,206,319
Total Liabilities	<u>104,370,590</u>
Deferred Inflows of Resources	<u>7,976,562</u>
Net Position	
Net Investment in Capital Assets	64,734,444
Restricted For:	
Capital Projects	34,499,724
Debt Service	1,959,047
Educational Programs	13,142,472
Other Purposes (Expendable)	4,862,397
Other Purposes (Nonexpendable)	153,870
Unrestricted	(34,718,958)
Total Net Position	<u>\$ 84,632,996</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, 2023

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					Governmental Activities
Instruction	\$ 48,079,934	\$ 703,000	\$ 25,049,949	\$ 28,287,785	\$ 5,960,800
Instruction-Related Services:					
Instructional Supervision and Administration	2,695,956	611	905,105	-	(1,790,240)
Instructional Library, Media and Technology	669,705	-	207,718	-	(461,987)
School Site Administration	5,864,899	1,037	1,649,180	-	(4,214,682)
Pupil Services:					
Home-to-School Transportation	2,366,618	-	54,095	-	(2,312,523)
Food Services	3,357,847	-	3,840,422	-	482,575
All Other Pupil Services	5,258,075	-	1,426,438	-	(3,831,637)
General Administration:					
Centralized Data Processing	1,605,631	-	29,443	-	(1,576,188)
All Other General Administration	4,211,692	34,923	647,610	-	(3,529,159)
Plant Services	7,760,734	174,584	440,173	-	(7,145,977)
Ancillary Services	2,923,086	-	1,637,406	-	(1,285,680)
Community Services	495,010	-	6,492	-	(488,518)
Interest on Long-Term Debt	1,281,329	-	-	-	(1,281,329)
Other Outgo	875,501	404	11,692	-	(863,405)
Total Governmental Activities	<u>\$ 87,446,017</u>	<u>\$ 914,559</u>	<u>\$ 35,905,723</u>	<u>\$ 28,287,785</u>	<u>(22,337,950)</u>
General Revenues					
Taxes and Subventions:					
Property Taxes, Levied for General Purposes					
				\$ 5,281,022	
Property Taxes, Levied for Debt Service					
				1,067,058	
Federal and State Aid Not Restricted for Specific Purposes					
				57,040,858	
Interest and Investment Earnings					
				(452,486)	
Miscellaneous					
				817,033	
Total General Revenues					
				<u>63,753,485</u>	
Change in Net Position					
				41,415,535	
Net Position - Beginning of Year					
				43,217,461	
Net Position - Ending					
				<u>\$ 84,632,996</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, 2023

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	Total
Assets					
Cash and Cash Equivalents	\$ 31,227,779	\$ -	\$ 34,454,864	\$ 6,872,654	\$ 72,555,297
Accounts Receivable	4,895,252	-	215,192	875,893	5,986,337
Due from Other Funds	-	-	-	65,511	65,511
Stores Inventories	30,815	-	-	44,555	75,370
Prepaid Expenditures	3,500	-	-	-	3,500
Leases Receivable	223,088	-	47,558	-	270,646
Total Assets	\$ 36,380,434	\$ -	\$ 34,717,614	\$ 7,858,613	\$ 78,956,661
Liabilities, Deferred Inflows of Resources, and Fund Balance:					
Liabilities:					
Accounts Payable	\$ 1,129,447	\$ -	\$ 608,320	\$ 128,603	\$ 1,866,370
Due to Other Funds	65,511	-	-	-	65,511
Unearned Revenue	4,257,048	-	-	-	4,257,048
Total Liabilities	5,452,006	-	608,320	128,603	6,188,929
Deferred Inflows of Resources:					
Deferred Rent Income	213,205	-	42,454	-	255,659
Fund Balance:					
Nonspendable	109,315	-	-	44,555	153,870
Restricted	15,043,032	-	33,685,493	5,735,115	54,463,640
Committed	7,508,360	-	-	1,950,340	9,458,700
Assigned	2,834,995	-	381,347	-	3,216,342
Unassigned	5,219,521	-	-	-	5,219,521
Total Fund Balance	30,715,223	-	34,066,840	7,730,010	72,512,073
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 36,380,434	\$ -	\$ 34,717,614	\$ 7,858,613	\$ 78,956,661

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, 2023

Total fund balances governmental funds: \$ 72,512,073

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

Capital assets relating to governmental activities, at historical cost	153,066,563	
Accumulated depreciation	<u>(57,730,973)</u>	
	Net	95,335,590
Lease assets relating to governmental activities, at historical cost	3,081,421	
Accumulated amortization	<u>(1,075,220)</u>	
	Net	2,006,201
Subscription assets relating to governmental activities, at historical cost	82,840	
Accumulated amortization	<u>(21,213)</u>	
	Net	61,627

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: (458,012)

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	30,210,852	
Leases payable	2,442,040	
Subscriptions payable	16,082	
Total OPEB liability	14,200,815	
Net pension liability	50,843,695	
Compensated absences	<u>75,676</u>	
	Total	(97,789,160)

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: 151,614

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, 2023

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	18,006,831	
Deferred inflows of resources relating to pensions	<u>(5,695,890)</u>	
Net		12,310,941

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	2,527,135	
Deferred inflows of resources relating to OPEB	<u>(2,025,013)</u>	
Net		<u>502,122</u>

Total net position governmental activities: \$ 84,632,996

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, 2023

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	Total
Revenues					
State Apportionment	\$ 51,266,652	\$ -	\$ -	\$ -	\$ 51,266,652
Education Protection Account Funds	3,860,992	-	-	-	3,860,992
Property Taxes	5,281,022	-	-	1,067,058	6,348,080
Federal Revenue	8,191,456	-	-	2,271,386	10,462,842
Other State Revenue	15,586,512	27,981,235	-	1,723,812	45,291,559
Interest	354,293	60,897	316,991	133,879	866,060
FMV Adjustment	(430,974)	37,085	(877,446)	(47,211)	(1,318,546)
Other Local Revenue	3,214,318	-	14,152	2,495,561	5,724,031
Total Revenues	<u>87,324,271</u>	<u>28,079,217</u>	<u>(546,303)</u>	<u>7,644,485</u>	<u>122,501,670</u>
Expenditures					
Current Expenditures:					
Instruction	43,011,198	-	-	353,674	43,364,872
Instruction - Related Services	8,262,652	-	-	436,670	8,699,322
Pupil Services	7,159,506	-	-	3,114,214	10,273,720
Ancillary Services	1,287,066	-	-	1,603,250	2,890,316
Community Services	473,580	-	-	-	473,580
General Administration	5,260,592	-	-	164,437	5,425,029
Plant Services	7,039,091	-	15,593	315,879	7,370,563
Other Outgo	875,501	-	-	-	875,501
Capital Outlay	3,878,864	-	1,579,170	2,221,100	7,679,134
Debt Service:					
Principal	151,754	-	-	375,397	527,151
Interest	16,689	-	-	1,230,346	1,247,035
Total Expenditures	<u>77,416,493</u>	<u>-</u>	<u>1,594,763</u>	<u>9,814,967</u>	<u>88,826,223</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,907,778</u>	<u>28,079,217</u>	<u>(2,141,066)</u>	<u>(2,170,482)</u>	<u>33,675,447</u>
Other Financing Sources (Uses):					
Transfers In	5,626	-	29,813,872	-	29,819,498
Transfers Out	(4,022)	(29,809,850)	-	(5,626)	(29,819,498)
Proceeds from Leases & Subscriptions	82,840	-	-	9,168	92,008
Total Other Financing Sources (Uses)	<u>84,444</u>	<u>(29,809,850)</u>	<u>29,813,872</u>	<u>3,542</u>	<u>92,008</u>
Net Change in Fund Balance	9,992,222	(1,730,633)	27,672,806	(2,166,940)	33,767,455
Fund Balance, Beginning of Year	20,723,001	1,730,633	6,394,034	9,896,950	38,744,618
Fund Balance, End of Year	<u>\$ 30,715,223</u>	<u>\$ -</u>	<u>\$ 34,066,840</u>	<u>\$ 7,730,010</u>	<u>\$ 72,512,073</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, 2023

Total change in fund balances, governmental funds: \$ 33,767,455

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	7,679,134	
Depreciation expense	(2,888,079)	
Amortization expense	(250,930)	
	<u>Net</u>	4,540,125

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: (92,008)

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: 527,151

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: 4,664

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: 35,762

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: 3,366,226

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, 2023

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: (694,955)

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: (38,885)

Change in net position of governmental activities: \$ 41,415,535

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

Central Union High School District

Notes to the Financial Statements

For the Year Ended June 30, 2023

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, food services, adult education, 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, 2023

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.

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.*).

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.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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*).

Deferred Maintenance Fund: This fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code §17582*).

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*).

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, 2023

4. Basis of Accounting – Measurement Focus

Government-Wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and 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, 2023

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 1st. 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, 2023

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, 2023

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. Subscription Assets & Subscription Liabilities

A subscription based information technology arrangement (SBITA) is a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. SBITAs result in a subscription asset and subscription liability on the date of inception in accordance with GASB Statement 96 which are recorded at present value using an imputed interest rate based on the best available borrowing rate for the District in the year of inception. The District has established a capitalization threshold for subscription assets and liabilities of \$5,000. The subscription assets are amortized over the subscription term. The subscription liabilities are reduced as principal payments on the agreements are paid.

f. 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.

g. 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.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

h. 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.

i. 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 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, 2023

j. 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.

k. 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 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.

l. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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, 2023

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, 2023. Those newly implemented pronouncements are as follows:

Description	Date Issued
GASB Statement 91, Conduit Debt Obligations	05/2019
GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements	03/2020
GASB Statement 96, Subscription Based Information Technology Arrangements	05/2020
GASB Statement 99, Omnibus 2022 (Portions related to leases, PPPs, and SBITAs)	04/2022
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Except Question 5.1)	05/2021

The implementation of new accounting guidelines resulted in the following changes during the fiscal year ended June 30, 2023:

- Subscription based information technology arrangements (SBITAs) were previously accounted for as a current expense in the years the subscription payments were made. Under the provisions of GASB Statement No. 96 long-term subscriptions are recorded on the government wide statement of net position as subscription assets which are amortized over the life of the agreement, and subscription liabilities which are reduced over the life of the agreement by principal payments.

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, 2023

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, 2023, 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	\$ 71,936,197	\$ -	\$ 71,936,197	\$ -
Total investments by fair value level	<u>\$ 71,936,197</u>	<u>\$ -</u>	<u>\$ 71,936,197</u>	<u>\$ -</u>

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, 2023

D. Cash and Investments

As of June 30, 2023, the District held the following cash and cash equivalents:

	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Nonmajor Governmental Funds	Total
Cash in County Treasury	\$ 32,070,191	\$ -	\$ 35,469,521	\$ 6,514,922	\$ 74,054,634
FMV Adjustment	(917,412)	-	(1,014,657)	(186,368)	(2,118,437)
Cash in Bank and in Revolving Fund	75,000	-	-	544,100	619,100
Total Cash and Cash Equivalents	<u>\$ 31,227,779</u>	<u>\$ -</u>	<u>\$ 34,454,864</u>	<u>\$ 6,872,654</u>	<u>\$ 72,555,297</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 (\$74,054,634 as of June 30, 2023). The fair value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$71,936,197. 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 (\$544,100 as of June 30, 2023) and in revolving fund (\$75,000 as of June 30, 2023) 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, 2023

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, 2023

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, 2023, 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	\$ 71,936,197

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, 2023, the District's bank balances exceeded FDIC limitations by \$369,100 and as such were exposed to custodial credit risk.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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 \$71,936,197. The average weighted maturity for this pool was 521 days at June 30, 2023.

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, 2023

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, 2023, consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total
	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects		
Federal Government:					
Adult Education	\$ -	\$ -	\$ -	\$ 213,697	\$ 213,697
Special Education	833,885	-	-	-	833,885
ESSA, Title I, Part C	91,408	-	-	-	91,408
ESSA, Title II, Part A	10,517	-	-	-	10,517
ESSA, Title III	101,120	-	-	-	101,120
ESSER II	9,581	-	-	-	9,581
ESSER III	1,287,976	-	-	-	1,287,976
ELO Grant	22,879	-	-	-	22,879
Career and Tech Education	80,712	-	-	-	80,712
Child Nutrition Program	-	-	-	267,453	267,453
Other Federal Programs	-	-	-	10,184	10,184
State Government:					
Lottery	235,479	-	-	-	235,479
Special Education	297,222	-	-	-	297,222
Adult Education	-	-	-	64,382	64,382
School Facilities	-	-	191,685	-	191,685
Mental Health Services	190,000	-	-	-	190,000
Block Grant	1,263,436	-	-	-	1,263,436
Partnership Academies	340	-	-	-	340
Child Nutrition Program	-	-	-	106,162	106,162
Other State Programs	-	-	-	47,282	47,282
Local Sources					
Interest	470,697	-	23,507	63,205	557,409
Other Local Sources	-	-	-	103,528	103,528
Total Accounts Receivable	<u>\$ 4,895,252</u>	<u>\$ -</u>	<u>\$ 215,192</u>	<u>\$ 875,893</u>	<u>\$ 5,986,337</u>

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%.

The District holds a lease agreement with Verizon Wireless for the right to use District owned land from 2022-23 through 2046-47. The lease requires annual payments to the District of \$17,323, increasing 2% each year. The lease is discounted at an imputed rate of 8.25%.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

Activity on leases receivable for the fiscal year ended June 30, 2023 is as follows:

Description	Balance Beginning of Year	Current Year Additions	Current Year Principal Collected	Balance End of Year
Ben Abatti Farms LLC	\$ 60,628	\$ -	\$ 13,070	\$ 47,558
Verizon Tower	-	222,088	(1,000)	223,088
Total Leases Receivable	<u>\$ 60,628</u>	<u>\$ 222,088</u>	<u>\$ 12,070</u>	<u>\$ 270,646</u>

Description	Balance Beginning of Year	Current Year Additions	Current Year Amortization	Balance End of Year
Ben Abatti Farms LLC	\$ 56,606	\$ -	\$ 14,152	\$ 42,454
Verizon Tower	-	222,088	8,883	213,205
Total Deferred Inflows	<u>\$ 56,606</u>	<u>\$ 222,088</u>	<u>\$ 23,035</u>	<u>\$ 255,659</u>

G. Interfund Balances & Activities

1. Due To and From Other Funds

Balances due to and from other funds at June 30, 2023, consisted of the following:

Interfund Receivable (Due From Other Funds)	Interfund Payable (Due To Other Funds)	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 65,511	Reimbursement for indirect costs
	Total	<u>\$ 65,511</u>	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2023 consisted of the following:

Transfers In	Transfers Out	Amount	Purpose
General Fund	Nonmajor Governmental Funds	\$ 5,626	Administrative costs
Special Reserve for Capital Outlay	County School Facilities Fund	29,809,850	Capital projects expenditures
Special Reserve for Capital Outlay	General Fund	4,022	Transfer of leases receivable
	Total	<u>\$ 29,819,498</u>	

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

H. Capital Assets and Lease Assets

Capital asset and lease asset activity for the year ended June 30, 2023, was as follows:

Governmental activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 8,163,554	\$ -	\$ -	\$ 8,163,554
Work in progress	38,482,637	3,613,857	38,482,637	3,613,857
Total capital assets not being depreciated	46,646,191	3,613,857	38,482,637	11,777,411
Capital assets being depreciated:				
Land improvements	5,761,238	341,313	-	6,102,551
Buildings and improvements	78,798,197	38,576,632	-	117,374,829
Equipment	14,273,812	3,537,960	-	17,811,772
Total capital assets being depreciated	98,833,247	42,455,905	-	141,289,152
Less accumulated depreciation for:				
Land improvements	(5,164,930)	(98,093)	-	(5,263,023)
Buildings and improvements	(40,223,058)	(1,796,331)	-	(42,019,389)
Equipment	(9,454,907)	(993,654)	-	(10,448,561)
Total accumulated depreciation	(54,842,895)	(2,888,078)	-	(57,730,973)
Total capital assets, net	90,636,543	43,181,684	38,482,637	95,335,590
Lease Assets				
Facilities	2,576,521	-	-	2,576,521
Equipment	495,732	9,168	-	504,900
Less accumulated amortization	(845,503)	(229,717)	-	(1,075,220)
Total lease assets, net	2,226,750	(220,549)	-	2,006,201
Subscription assets				
Information technology licenses	-	82,840	-	82,840
Less accumulated amortization	-	(21,213)	-	(21,213)
Total subscription assets, net	-	61,627	-	61,627
Total Capital and Lease Assets, Net	\$ 92,863,293	\$ 43,022,762	\$ 38,482,637	\$ 97,403,418

Depreciation and amortization were charged to functions as follows:

	Depreciation by Function	Amortization by Function
Instruction	\$ 2,310,462	\$ 249,400
Instruction Related	86,643	-
Pupil Services	202,166	-
General Administration	173,204	1,530
Plant Services	115,603	-
Totals	\$ 2,888,078	\$ 250,930

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

I. Accounts Payable

Accounts payable balances as of June 30, 2023, consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects		
Vendors Payable	\$ 960,307	\$ -	\$ 608,320	\$ 83,973	\$ 1,652,600
Payroll and Benefits	169,140	-	-	44,630	213,770
Total Accounts Payable	<u>\$ 1,129,447</u>	<u>\$ -</u>	<u>\$ 608,320</u>	<u>\$ 128,603</u>	<u>\$ 1,866,370</u>

J. Unearned Revenue

Unearned revenue balances as of June 30, 2023, consisted of:

	General Fund
Federal Programs	
Title I	\$ 587,929
ESSA	48,616
Title IV	48,535
Migrant Education	51,818
ESSER	239,147
ELO Grant	177,914
Homeless Plan	11,231
Other Federal Programs	3,063
State Programs	
Career Tech Initiative Grant	871,172
K-12 Strong Workforce Grant	325,297
Agricultural Career Education	3,549
Partnership Academies Program	75,614
In Person Instruction	1,811,803
Local Sources	
Other Local Grants	1,360
Total Unearned Revenue	<u>\$ 4,257,048</u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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, 2023, 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, 2023, consisted of:

	Major Governmental Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects		
Nonspendable Fund Balance					
Revolving Cash	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000
Stores Inventory	30,815	-	-	44,555	75,370
Prepaid Expenditures	3,500	-	-	-	3,500
Total Nonspendable Fund Balance	109,315	-	-	44,555	153,870
Restricted Fund Balance					
Capital Projects	-	-	33,685,493	814,231	34,499,724
Debt Service	-	-	-	1,959,047	1,959,047
Educational Programs	12,539,199	-	-	603,273	13,142,472
Associated Student Body	-	-	-	544,100	544,100
Child Nutrition Program	-	-	-	1,814,464	1,814,464
Other Purposes	2,503,833	-	-	-	2,503,833
Total Restricted Fund Balance	15,043,032	-	33,685,493	5,735,115	54,463,640
Committed					
Deferred Maintenance	-	-	-	1,859,280	1,859,280
Educational Programs	7,508,360	-	-	91,060	7,599,420
Total Committed	7,508,360	-	-	1,950,340	9,458,700
Assigned Fund Balance					
Other Postemployment Benefits	2,747,878	-	-	-	2,747,878
Capital Projects	-	-	381,347	-	381,347
Other Assignments	87,117	-	-	-	87,117
Total Assigned Fund Balance	2,834,995	-	381,347	-	3,216,342
Unassigned Fund Balance					
For Economic Uncertainties	5,219,521	-	-	-	5,219,521
Total Unassigned Fund Balance	5,219,521	-	-	-	5,219,521
Total Fund Balance	\$ 30,715,223	\$ -	\$ 34,066,840	\$ 7,730,010	\$ 72,512,073

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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, 2023, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 30,503,020	\$ -	\$ 292,168	\$ 30,210,852	\$ 297,228
Leases Payable	2,613,265	9,168	180,393	2,442,040	193,855
SBITA's Payable	-	82,840	66,758	16,082	16,082
Total OPEB Liability	15,266,404	-	1,065,589	14,200,815	-
Net Pension Liability	30,577,689	20,266,006	-	50,843,695	-
Compensated Absences*	111,438	-	35,762	75,676	75,676
Total Governmental Activities	<u>\$ 79,071,816</u>	<u>\$ 20,358,014</u>	<u>\$ 1,640,670</u>	<u>\$ 97,789,160</u>	<u>\$ 582,841</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, 2023

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, 2023 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	\$ 610,000	\$ -	\$ 195,000	\$ 415,000	\$ 205,000
Premium	22,059	-	7,052	15,007	7,413
2016 Refunding Bonds					
Principal	430,000	-	85,000	345,000	80,000
Premium	25,881	-	5,116	20,765	4,815
2016 Election, Series A					
Principal	10,640,000	-	-	10,640,000	-
Premium	712,244	-	-	712,244	-
2016 Election, Series B					
Principal	17,100,000	-	-	17,100,000	-
Premium	962,836	-	-	962,836	-
Total	<u>\$ 30,503,020</u>	<u>\$ -</u>	<u>\$ 292,168</u>	<u>\$ 30,210,852</u>	<u>\$ 297,228</u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

The annual requirements to amortize the bonds outstanding at June 30, 2023 are as follows:

Year Ended June 30,	Principal	Interest	Total
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	290,000	1,045,126	1,335,126
2029-2033	2,305,000	4,986,480	7,291,480
2034-2038	4,040,000	4,428,255	8,468,255
2039-2043	6,240,000	3,589,757	9,829,757
2044-2048	9,405,000	2,062,105	11,467,105
2049-2053	4,880,000	198,600	5,078,600
Total	<u>\$ 28,500,000</u>	<u>\$ 20,607,277</u>	<u>\$ 49,107,277</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, 2023

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%.

August 2022 the District entered into a lease agreement for use of a copy machine with Xerox. The lease requires monthly payments of \$173 for 60 months beginning September 2022 and extending through August 2028. The lease is discounted at a rate of 5%.

Activity on the leases payable for the year ended June 30, 2023 was:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Facilities					
IVP LLC	\$ 2,252,593	\$ -	\$ 82,382	\$ 2,170,211	\$ 90,550
Equipment					
Duplo Folding Machine	4,588	-	1,546	3,042	1,625
Xerox Copy Machines	356,084	9,168	96,465	268,787	101,680
Total	<u>\$ 2,613,265</u>	<u>\$ 9,168</u>	<u>\$ 180,393</u>	<u>\$ 2,442,040</u>	<u>\$ 193,855</u>

Future lease payments are scheduled as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 193,855	\$ 117,730	\$ 311,585
2025	207,516	107,719	315,235
2026	166,277	97,613	263,890
2027	120,148	91,018	211,166
2028	128,810	84,807	213,617
2029-2033	819,852	312,228	1,132,080
2034-2038	805,582	76,936	882,518
Total	<u>\$ 2,442,040</u>	<u>\$ 888,051</u>	<u>\$ 3,330,091</u>

4. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2023 amounted to \$75,676. 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 \$30,577,689 and increased by \$20,266,006 during the year ended June 30, 2023 for an ending net pension liability of \$50,843,695. See Note N for additional information regarding the net pension liability.

6. Total OPEB Liability

The Districts beginning total OPEB liability was \$15,266,404 and decreased during the year ended June 30, 2023 by \$1,065,589. The ending total OPEB liability at June 30, 2023 was \$14,200,815. See Note O for additional information regarding the total OPEB liability.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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, 2023 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 (2022-23)	10.250%	10.205%
Required Employer Contribution Rates (2022-23)	19.100%	19.100%
Required State Contribution Rates (2022-23)	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, 2023

	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 (2022-23)	7.000%	8.000%
Required Employer Contribution Rates (2022-23)	25.370%	25.370%

*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, 2023, 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 19.10% of creditable compensation for the fiscal year ended June 30, 2023. 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.

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, 2023, the employee contribution rate was 7.00% for employees hired prior to January 1, 2013 and 8.00% for employees hired on or after January 1, 2013, and the employer contribution rate was 25.37% of covered payroll.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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, 2023 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:

Year Ended June 30,	CalSTRS		
	On Behalf Contribution Rate	On Behalf Contribution Amount	On Behalf Pension Expense
2021	10.328%	\$ 2,599,951	\$ 1,706,492
2022	10.828%	2,996,281	438,422
2023	10.828%	2,718,829	9,078,634

The State contributed an additional \$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, 2023 (measurement period June 30, 2022), the contributions recognized for each plan were:

	Governmental Fund Financial Statements (Current Financial Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 5,767,004	\$ 2,893,512	\$ 8,660,516
Contributions - State On Behalf Payments	2,718,829	-	2,718,829
Total Governmental Funds	<u>\$ 8,485,833</u>	<u>\$ 2,893,512</u>	<u>\$ 11,379,345</u>

	Government-Wide Financial Statements (Economic Resources Measurement Focus)		
	CalSTRS	CalPERS	Total
Contributions - Employer	\$ 4,779,402	\$ 2,077,652	\$ 6,857,054
Contributions - State On Behalf Payments	2,996,281	-	2,996,281
Total Government-Wide	<u>\$ 7,775,683</u>	<u>\$ 2,077,652</u>	<u>\$ 9,853,335</u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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

As of June 30, 2022 (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>\$ 30,746,037</u>	<u>\$ 20,097,658</u>	<u>\$ 50,843,695</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, 2022. The total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to measurement date June 30, 2022 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, 2022 and June 30, 2023 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, 2022	0.042288%	0.027399%	0.069687%	0.055736%
Proportion June 30, 2023	<u>0.044248%</u>	<u>0.026986%</u>	<u>0.071234%</u>	<u>0.058408%</u>
Change in Proportion	<u>0.001960%</u>	<u>-0.000413%</u>	<u>0.001547%</u>	<u>0.002672%</u>

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

a. Pension Expense

	Governmental Activities		
	CalSTRS	CalPERS	Total
State On Behalf Pension Expense	\$ 9,078,634	\$ -	\$ 9,078,634
Employer Contributions	5,767,004	2,893,512	8,660,516
Change In:			
Net Pension Liability	11,501,947	8,764,059	20,266,006
Deferred Outflows of Resources	98,771	(9,224,465)	(9,125,694)
Deferred Inflows of Resources	(14,911,291)	404,753	(14,506,538)
Total Pension Expense - Governmental	<u>\$ 11,535,065</u>	<u>\$ 2,837,859</u>	<u>\$ 14,372,924</u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

b. Deferred Outflows and Inflows of Resources

At June 30, 2023, The District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
<u>Governmental Activities</u>			
Contributions Subsequent to Measurement	\$ 5,767,004	\$ 2,893,512	\$ 8,660,516
Experience Differences	19,233	88,079	107,312
Changes in Assumptions	1,024,371	1,486,710	2,511,081
Changes in Proportionate Share	3,705,089	493,240	4,198,329
Earnings Differences	-	2,529,593	2,529,593
Total Deferred Outflows of Resources	<u>\$ 10,515,697</u>	<u>\$ 7,491,134</u>	<u>\$ 18,006,831</u>

	<u>Deferred Inflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>Total</u>
<u>Governmental Activities</u>			
Experience Differences	\$ 2,206,106	\$ 499,202	\$ 2,705,308
Changes in Proportionate Share	1,751,800	135,463	1,887,263
Earnings Differences	1,103,319	-	1,103,319
Total Deferred Inflows of Resources	<u>\$ 5,061,225</u>	<u>\$ 634,665</u>	<u>\$ 5,695,890</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, 2024. 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	<u>Governmental Activities</u>				Net Effect on Expenses
	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>		
	<u>CalSTRS</u>	<u>CalPERS</u>	<u>CalSTRS</u>	<u>CalPERS</u>	
June 30,					
2024	\$ 8,020,089	\$ 4,090,457	\$ (2,357,890)	\$ (242,635)	\$ 9,510,021
2025	1,130,931	1,033,039	(2,445,967)	(242,634)	(524,631)
2026	1,130,931	812,007	(2,076,129)	(149,396)	(282,587)
2027	233,746	1,555,631	2,233,792	-	4,023,169
2028	-	-	(309,280)	-	(309,280)
Thereafter	-	-	(105,751)	-	(105,751)
Total	<u>\$ 10,515,697</u>	<u>\$ 7,491,134</u>	<u>\$ (5,061,225)</u>	<u>\$ (634,665)</u>	<u>\$ 12,310,941</u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

c. Actuarial Assumptions

Total pension liabilities for the fiscal year ended June 30, 2023, were based on actuarial valuations determined using the following actuarial assumptions:

	<u>CalSTRS</u>	<u>CalPERS</u>
Fiscal Year	June 30, 2023	June 30, 2023
Measurement Date	June 30, 2022	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Experience Study Period	2015 - 2018	2000 - 2019
Actuarial Assumptions:		
Discount Rate	7.10%	6.90%
Inflation	2.75%	2.30%
Payroll Growth	3.50%	(3)
Investment Rate of Return	7.00%	6.90%
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 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

d. Discount Rate

The discount rate used to measure the total pension liability was 7.10% for CalSTRS and 6.90% 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. Finally, the CalPERS discount rate was decreased from 7.15% to 6.90% at measurement date June 30, 2022 (fiscal year June 30, 2023) resulting from a new actuarial experience study completed.

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 2021 with new policies in effect on July 1, 2022. 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, 2023

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.

CalSTRS		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Public Equity	42.00%	4.75%
Private Equity	13.00%	6.25%
Real Estate	15.00%	3.55%
Inflation Sensitivie	6.00%	3.25%
Fixed Income	12.00%	1.25%
Risk Mitigating Strategies	10.00%	1.75%
Cash/Liquidity	2.00%	-0.35%
*20 year average		

CalPERS		
<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Global Equity - cap weighted	30.00%	4.54%
Global Equity - non-cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
*20 year average		

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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%	5.90%
Net Pension Liability	\$ 52,218,392	\$ 29,032,085
Current Discount Rate	7.10%	6.90%
Net Pension Liability	\$ 30,746,037	\$ 20,097,658
1% Increase	8.10%	7.90%
Net Pension Liability	\$ 12,917,761	\$ 12,713,683

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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

CalSTRS Governmental Activities

	Increase (Decrease)				
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	State's Share of Net Pension Liability (c)	District's Share of Net Pension Liability (a) - (b) - (c)
Balance at June 30, 2022					
(Previously Reported)	\$ 247,946,809	\$ 216,234,198	\$ 31,712,611	\$ 12,468,521	\$ 19,244,090
Changes for the year					
Change in proportionate share	5,504,236	4,800,240	703,996	(187,945)	891,941
Service cost	5,467,210	-	5,467,210	2,071,176	3,396,034
Interest	17,948,119	-	17,948,119	6,799,393	11,148,726
Experience differences	(1,191,745)	-	(1,191,745)	(451,476)	(740,269)
Change in assumptions	-	-	-	-	-
Change in benefits	49,864	-	49,864	18,890	30,974
Contributions:					
Employer	-	4,645,423	(4,645,423)	(1,759,853)	(2,885,570)
Employee	-	2,897,461	(2,897,461)	(1,097,663)	(1,799,798)
State on behalf	-	3,048,790	(3,048,790)	(1,154,991)	(1,893,799)
Net investment income	-	(5,264,399)	5,264,399	1,994,344	3,270,055
Other income	-	92,743	(92,743)	(35,134)	(57,609)
Benefit payments ⁽¹⁾	(12,484,947)	(12,484,947)	-	-	-
Administrative expenses	-	(136,140)	136,140	51,575	84,565
Borrowing costs	-	(87,471)	87,471	33,137	54,334
Other expenses	-	(3,804)	3,804	1,441	2,363
Net changes	<u>15,292,737</u>	<u>(2,492,104)</u>	<u>17,784,841</u>	<u>6,282,894</u>	<u>11,501,947</u>
Balance at June 30, 2023	<u>\$ 263,239,546</u>	<u>\$ 213,742,094</u>	<u>\$ 49,497,452</u>	<u>\$ 18,751,415</u>	<u>\$ 30,746,037</u>

(1) – Includes refunds of employee contributions

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

CalPERS Governmental Activities

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022			
(Previously Reported)	\$ 59,558,089	\$ 48,224,490	\$ 11,333,599
Changes for the year			
Change in proportionate share	2,855,232	2,311,896	543,336
Service cost	1,451,627	-	1,451,627
Interest	4,343,113	-	4,343,113
Experience differences	(647,386)	-	(647,386)
Change in assumptions	1,999,369	-	1,999,369
Change in benefits	-	-	-
Contributions:			
Employer	-	2,077,635	(2,077,635)
Employee	-	644,965	(644,965)
Nonemployer	-	-	-
Net plan to plan resource movement	-	2	(2)
Net investment income	-	(3,765,237)	3,765,237
Benefit payments ⁽¹⁾	(3,094,898)	(3,094,898)	-
Administrative expenses	-	(31,365)	31,365
Other expenses	-	-	-
Net changes	<u>6,907,057</u>	<u>(1,857,002)</u>	<u>8,764,059</u>
Balance at June 30, 2023	<u>\$ 66,465,146</u>	<u>\$ 46,367,488</u>	<u>\$ 20,097,658</u>

(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, 2023

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 2022-23 .

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 2022-23.

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, 2023

3. Plan Membership

Membership of the plan consisted of the following as of June 30, 2023:

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

4. Total OPEB Liability

The Central Union High School District's total OPEB liability of \$14,200,815 was measured as of June 30, 2022 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, 2023

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>
6/30/2022	6/30/2021	1.92%	1.92%
6/30/2023	6/30/2022	3.69%	3.69%

6. Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	<u>\$ 15,266,404</u>
Changes for the year:	
Service cost	1,045,592
Interest	309,469
Changes of assumptions	(2,031,154)
Experience differences	-
Benefit payments	<u>(389,496)</u>
Net change	<u>(1,065,589)</u>
Balance at June 30, 2023	<u><u>\$ 14,200,815</u></u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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> (2.69%)	<u>Valuation Discount Rate</u> (3.69%)	<u>1% Increase</u> (4.69%)
Total OPEB Liability	\$ 15,319,942	\$ 14,200,815	\$ 13,158,925

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> 4.75%	<u>Healthcare Cost Trends Rate</u> 5.75%	<u>1% Increase</u> 6.75%
	Decreasing to 3.50%	Decreasing to 4.50%	Decreasing to 5.50%
Total OPEB Liability	\$ 12,679,866	\$ 14,200,815	\$ 15,970,249

9. OPEB Expense

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$1,398,922.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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

At June 30, 2023 the District reported deferred outflows and deferred inflows of resources related to OPEB for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,651,638	\$ (1,987,236)
Experience differences	407,873	(37,777)
Contributions made subsequent to measurement date	<u>467,624</u>	<u>-</u>
Total	<u>\$ 2,527,135</u>	<u>\$ (2,025,013)</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Effect on OPEB Expense</u>
2024	\$ 775,005	\$ (263,520)	\$ 511,485
2025	307,381	(263,520)	43,861
2026	307,381	(263,520)	43,861
2027	307,381	(249,929)	57,452
2028	307,381	(218,207)	89,174
Thereafter	<u>522,606</u>	<u>(766,317)</u>	<u>(243,711)</u>
Total	<u>\$ 2,527,135</u>	<u>\$ (2,025,013)</u>	<u>\$ 502,122</u>

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

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, 2023

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 to 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, 2023.

3. Construction Commitments

As of June 30, 2023, 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	July 2023
Central Union High School Science Wing Modernization	60,182	July 2023
Maintenance and Operations Warehouse	791,883	June 2024
Southwest High School Track Renovation	41,212	July 2023
Desert Oasis High School Re-Roofing Project	68,882	July 2023
District Shade Infrastructure	976,958	June 30, 2024
Southwest High School Telemedicine Career Tech Lab Modernization	140,366	June 30, 2024

*Expected date of completion subject to change.

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

S. 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, 2023, is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
2011 Refunding Loss	\$ 78,893	\$ -	\$ 26,298	\$ 52,595
2016 Refunding Loss	123,774	-	24,755	99,019
OPEB Related	2,520,045	467,624	460,534	2,527,135
Pension Related				
CalSTRS	10,614,468	6,658,945	6,757,716	10,515,697
CalPERS	(1,733,331)	12,671,036	3,446,571	7,491,134
Total Deferred Outflows of Resources	\$ 11,603,849	\$ 19,797,605	\$ 10,715,874	\$ 20,685,580

Future amortization of deferred outflows of resources is as follows:

Year Ending June 30,	Refunding Losses	OPEB Related	Pension Related	Total
2024	\$ 51,053	\$ 775,005	\$ 12,110,546	\$ 12,936,604
2025	51,052	307,381	2,163,970	2,522,403
2026	24,755	307,381	1,942,938	2,275,074
2027	24,754	307,381	1,789,377	2,121,512
2028		307,381	-	307,381
Thereafter	-	522,606	-	522,606
Total	\$ 151,614	\$ 2,527,135	\$ 18,006,831	\$ 20,685,580

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

T. 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, 2023 is as follows:

Description	Beginning Balance	Increases	Decreases	Ending Balance
Deferred Rent Income	\$ 56,606	\$ 222,088	\$ 23,035	\$ 255,659
Pension Related				
CalSTRS	19,972,516	(12,234,130)	2,677,161	5,061,225
CalPERS	229,912	647,386	242,633	634,665
OPEB Related	257,379	2,031,154	263,520	2,025,013
Total Deferred Inflows of Resources	\$ 20,516,413	\$ (9,333,502)	\$ 3,206,349	\$ 7,976,562

Future amortization of deferred inflows is as follows:

Year Ending June 30,	Deferred Rent Income	Pension Related	OPEB Related	Total
2024	\$ 23,036	\$ 2,600,525	\$ 263,520	\$ 2,887,081
2025	23,036	2,688,601	263,520	2,975,157
2026	23,034	2,225,525	263,520	2,512,079
2027	8,884	(2,233,792)	249,929	(1,974,979)
2028	8,884	309,280	218,207	536,371
Thereafter	168,785	105,751	766,317	1,040,853
Total	\$ 255,659	\$ 5,695,890	\$ 2,025,013	\$ 7,976,562

Central Union High School District

Notes to the Financial Statements, Continued

June 30, 2023

U. 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
GASB Statement 99, Omnibus 2022 (Portions related to financial guarantees and derivative instruments)	04/2022	2024-25
GASB Statement 100, Accounting Changes for Error Corrections	06/2022	2024-25
GASB Statement 101, Compensated Absences	06/2022	2024-25
GASB Implementation Guide 2021-1, Implementation Guidance Update - 2021 (Question 5.1)	05/2021	2024-25
GASB Implementation Guide 2023-1, Implementation Guidance Update - 2023	06/2023	2024-25

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, 2023

	<u>Budgeted Amounts</u>			Variance to Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
LCFF Sources				
State Apportionment	\$ 41,424,098	\$ 41,220,367	\$ 51,266,652	\$ 10,046,285
Education Protection Account	11,871,293	13,694,073	3,860,992	(9,833,081)
Property Taxes	4,626,398	5,520,641	5,281,022	(239,619)
Federal Revenue	16,323,628	15,626,356	8,191,456	(7,434,900)
Other State Revenue	9,871,012	13,170,775	15,586,512	2,415,737
Interest Income	120,000	300,000	300,171	171
FMV Adjustment	-	-	(408,732)	(408,732)
Other Local Revenue	3,107,160	3,725,684	3,214,318	(511,366)
Total Revenues	<u>87,343,589</u>	<u>93,257,896</u>	<u>87,292,391</u>	<u>(5,965,505)</u>
Expenditures				
Current Expenditures:				
Certificated Salaries	29,379,137	33,748,958	31,568,340	2,180,618
Classified Salaries	9,849,278	11,454,907	11,148,842	306,065
Employee Benefits	16,831,878	18,980,431	17,662,443	1,317,988
Books and Supplies	18,180,403	10,398,729	4,459,040	5,939,689
Services and Other Operating	12,120,500	13,018,015	7,747,002	5,271,013
Other Outgo	747,603	1,640,833	875,501	765,332
Direct Support/Indirect Costs	(119,760)	(75,000)	(91,982)	16,982
Capital Outlay	5,157,690	4,791,220	3,878,864	912,356
Debt Service:				
Principal	-	-	151,754	(151,754)
Interest	-	-	16,689	(16,689)
Total Expenditures	<u>92,146,729</u>	<u>93,958,093</u>	<u>77,416,493</u>	<u>16,541,600</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>(4,803,140)</u>	<u>(700,197)</u>	<u>9,875,898</u>	<u>10,576,095</u>
Other Financing Sources				
Transfers In	1,000,000	-	5,626	5,626
Transfers Out	-	-	(4,022)	(4,022)
Proceeds from Leases & Subscriptions	-	18,727	82,840	64,113
Total Other Financing Sources	<u>1,000,000</u>	<u>18,727</u>	<u>84,444</u>	<u>65,717</u>
Net Change in Fund Balance	(3,803,140)	(681,470)	9,960,342	10,641,812
Fund Balance - Beginning of Year	<u>18,000,375</u>	<u>18,000,375</u>	<u>18,000,375</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 14,197,235</u>	<u>\$ 17,318,905</u>	<u>\$ 27,960,717</u>	<u>\$ 10,641,812</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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0442%	0.0423%	0.0377%	0.0425%	0.0409%	0.0402%	0.0405%	0.0428%	0.0398%	N/A
District's proportionate share of the net pension liability (asset)	\$ 30,746,037	\$ 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
State's proportionate share of the net pension liability (asset) associated with the District	18,751,414	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
Total	<u>\$ 49,497,451</u>	<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>
District's covered payroll**	28,247,057	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
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	108.85%	77.45%	157.42%	168.03%	173.06%	174.91%	162.79%	145.69%	131.88%	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.21%	72.56%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%	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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 5,767,004	\$ 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
Contributions in relation to the contractually required contribution	<u>(5,767,004)</u>	<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
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	N/A
District's covered payroll**	\$ 30,193,738	\$ 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
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%	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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.0584%	0.0557%	0.0557%	0.0568%	0.0560%	0.0545%	0.0528%	0.0503%	0.0520%	N/A
District's proportionate share of the net pension liability (asset)	\$ 20,097,658	\$ 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
District's covered payroll**	\$ 9,068,756	\$ 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
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	221.61%	141.62%	211.12%	208.25%	199.97%	185.87%	163.09%	132.55%	107.97%	N/A
Plan fiduciary net position as a percentage of the total pension liability	69.76%	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%	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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,893,512	\$ 2,080,798	\$ 1,656,588	\$ 1,595,288	\$ 1,436,302	\$ 1,159,378	\$ 971,621	\$ 757,528	\$ 657,856	N/A
Contributions in relation to the contractually required contribution	<u>(2,893,512)</u>	<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
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>
District's covered payroll**	\$ 11,405,250	\$ 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
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%	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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability:										
Service cost	\$ 1,045,592	\$ 915,221	\$ 738,682	\$ 618,288	\$ 626,509	\$ 608,261	N/A	N/A	N/A	N/A
Interest	309,469	340,949	383,873	377,652	300,933	282,814	N/A	N/A	N/A	N/A
Experience differences	-	515,207		(64,289)	-	-	N/A	N/A	N/A	N/A
Adjustments to balances	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	(2,031,154)	682,910	681,994	1,089,009	(394,226)	-	N/A	N/A	N/A	N/A
Benefit payments	(389,496)	(375,587)	(282,803)	(334,612)	(332,992)	(291,706)	N/A	N/A	N/A	N/A
Net change in total OPEB liability	(1,065,589)	2,078,700	1,521,746	1,686,048	200,224	599,369	N/A	N/A	N/A	N/A
Total OPEB liability - beginning	15,266,404	13,187,704	11,665,958	9,979,910	9,779,686	9,180,317	N/A	N/A	N/A	N/A
Total OPEB liability - ending	<u>\$ 14,200,815</u>	<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
Covered payroll	36,936,056	36,936,056	33,952,083	\$ 30,614,355	\$ 39,892,441	\$ 39,892,441	N/A	N/A	N/A	N/A
Total OPEB liability as a percentage of covered payroll	38.45%	41.33%	38.84%	38.11%	25.02%	24.52%	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, 2023

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 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	\$ 30,715,223
Fund 17 Fund Balance	(6,628)
Fund 20 Fund Balance	<u>(2,747,878)</u>
General Fund - Budgetary Comparison Schedule Ending Fund Balance	<u><u>\$ 27,960,717</u></u>
General Fund - Basic Financial Statements Net Change in Fund Balance	\$ 9,992,222
Fund 17 Net Change in Fund Balance	(26)
Fund 20 Net Change in Fund Balance	<u>(31,854)</u>
General Fund - Budgetary Comparison Schedule Net Change in Fund Balance	<u><u>\$ 9,960,342</u></u>

Excess of Expenditures Over Appropriations

As of June 30, 2023, 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>
General Fund:		
Debt Service	\$ 168,443	The District did not budget for lease and subscription payments as 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, 2023

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	June 30, 2019
Measurement Date	06/30/14	06/30/15	06/30/16	06/30/17	06/30/18
Valuation Date	06/30/13	06/30/14	06/30/15	06/30/16	06/30/17
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	07/01/06 - 06/30/15
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return ⁽¹⁾	7.60%	7.60%	7.60%	7.10%	7.10%
Consumer Price Inflation	3.00%	3.00%	3.00%	2.75%	2.75%
Wage Growth (Average)	3.75%	3.75%	3.75%	3.50%	3.50%
Post-retirement Benefit Increases	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple	2.00% Simple

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/06 - 06/30/15	07/01/15 - 06/30/18	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 ⁽¹⁾	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, 2023

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. Subsequently the CalPERS Board decrease from 7.25% to 7.15% for the school pool valuation occurred in the June 30, 2019, valuation. Finally, the CalPERS board decreased the discount rate from 7.15% to 6.90% for measurement date June 30, 2022 as a result of the 2021 experience study. Additional adjustments were made to mortality and other assumptions based upon the experience study completed in 2021.

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:

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

Reporting Period	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement Date	06/30/19	06/30/20	06/30/21	06/30/22
Valuation Date	06/30/18	06/30/19	06/30/20	06/30/21
Experience Study	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/97 - 06/30/15	07/01/00 - 06/30/19
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%	6.90%
Consumer Price Inflation	2.50%	2.50%	2.50%	2.50%
Wage Growth (Average)	3.00%	2.75%	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 2021 experience study report (based on demographic data from 2000 to 2019) available on the CalPERS website.

Central Union High School District

Notes to Required Supplementary Information, Continued

For the Year Ended June 30, 2023

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

1. Benefit Changes: There were no benefit changes.
2. Changes in Assumptions: The discount rate, inflation rate, and salary increase rate were all adjusted based on requirements in GASB Statement No. 75.
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%
2023	3.69%

Combining Statements as Supplementary Information

Central Union High School District

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2023

	Special Revenue Funds				Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	
Assets								
Cash and Cash Equivalents	\$ 544,100	\$ 319,563	\$ 1,378,816	\$ 1,872,360	\$ 1,645	\$ 811,897	\$ 1,944,273	\$ 6,872,654
Accounts Receivable	-	405,504	431,095	16,695	470	7,355	14,774	875,893
Due from Other Funds	-	-	65,511	-	-	-	-	65,511
Stores Inventories	-	-	44,555	-	-	-	-	44,555
Total Assets	<u>\$ 544,100</u>	<u>\$ 725,067</u>	<u>\$ 1,919,977</u>	<u>\$ 1,889,055</u>	<u>\$ 2,115</u>	<u>\$ 819,252</u>	<u>\$ 1,959,047</u>	<u>\$ 7,858,613</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:								
Liabilities:								
Accounts Payable	\$ -	\$ 30,734	\$ 60,958	\$ 29,775	\$ -	\$ 7,136	\$ -	\$ 128,603
Due to Other Funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>30,734</u>	<u>60,958</u>	<u>29,775</u>	<u>-</u>	<u>7,136</u>	<u>-</u>	<u>128,603</u>
Deferred Inflows of Resources:								
Deferred Rent Income	-	-	-	-	-	-	-	-
Fund Balance:								
Nonspendable	-	-	44,555	-	-	-	-	44,555
Restricted	544,100	603,273	1,814,464	-	2,115	812,116	1,959,047	5,735,115
Committed Fund Balance	-	91,060	-	1,859,280	-	-	-	1,950,340
Total Fund Balance	<u>544,100</u>	<u>694,333</u>	<u>1,859,019</u>	<u>1,859,280</u>	<u>2,115</u>	<u>812,116</u>	<u>1,959,047</u>	<u>7,730,010</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 544,100</u>	<u>\$ 725,067</u>	<u>\$ 1,919,977</u>	<u>\$ 1,889,055</u>	<u>\$ 2,115</u>	<u>\$ 819,252</u>	<u>\$ 1,959,047</u>	<u>\$ 7,858,613</u>

Central Union High School District

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

June 30, 2023

	Special Revenue Funds			Deferred Maintenance Fund	Capital Projects Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Associated Student Body Fund	Adult Education Fund	Cafeteria Fund		Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	
Revenues								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,067,058	\$ 1,067,058
Federal Revenue	-	198,415	2,072,971	-	-	-	-	2,271,386
Other State Revenue	-	917,271	806,541	-	-	-	-	1,723,812
Interest	82	7,683	25,086	42,458	4,910	13,568	40,092	133,879
FMV Adjustment	-	3,365	(14,700)	(1,429)	32,782	(9,972)	(57,257)	(47,211)
Other Local Revenue	1,533,295	153,354	549,434	-	-	259,478	-	2,495,561
Total Revenues	<u>1,533,377</u>	<u>1,280,088</u>	<u>3,439,332</u>	<u>41,029</u>	<u>37,692</u>	<u>263,074</u>	<u>1,049,893</u>	<u>7,644,485</u>
Expenditures								
Current Expenditures:								
Instruction	-	353,674	-	-	-	-	-	353,674
Instruction - Related Services	-	436,670	-	-	-	-	-	436,670
Pupil Services	-	75,226	3,038,988	-	-	-	-	3,114,214
Ancillary Services	1,603,250	-	-	-	-	-	-	1,603,250
General Administration	-	-	91,982	-	-	72,455	-	164,437
Plant Services	-	93,230	13,741	208,908	-	-	-	315,879
Capital Outlay	-	9,168	26,521	613,279	1,572,132	-	-	2,221,100
Debt Service:								
Principal	-	85,635	9,762	-	-	-	280,000	375,397
Interest	-	91,302	514	-	-	-	1,138,530	1,230,346
Total Expenditures	<u>1,603,250</u>	<u>1,144,905</u>	<u>3,181,508</u>	<u>822,187</u>	<u>1,572,132</u>	<u>72,455</u>	<u>1,418,530</u>	<u>9,814,967</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(69,873)</u>	<u>135,183</u>	<u>257,824</u>	<u>(781,158)</u>	<u>(1,534,440)</u>	<u>190,619</u>	<u>(368,637)</u>	<u>(2,170,482)</u>
Other Financing Sources (Uses):								
Transfers Out	-	-	-	-	-	(5,626)	-	(5,626)
Proceeds from Leases & Subscriptions	-	9,168	-	-	-	-	-	9,168
Total Other Financing Sources (Uses)	<u>-</u>	<u>9,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,626)</u>	<u>-</u>	<u>3,542</u>
Net Change in Fund Balance	(69,873)	144,351	257,824	(781,158)	(1,534,440)	184,993	(368,637)	(2,166,940)
Fund Balance, Beginning of Year	613,973	549,982	1,601,195	2,640,438	1,536,555	627,123	2,327,684	9,896,950
Fund Balance, End of Year	<u>\$ 544,100</u>	<u>\$ 694,333</u>	<u>\$ 1,859,019</u>	<u>\$ 1,859,280</u>	<u>\$ 2,115</u>	<u>\$ 812,116</u>	<u>\$ 1,959,047</u>	<u>\$ 7,730,010</u>

Other Supplementary Information

Central Union High School District
 Local Education Agency Organization Structure
 June 30, 2023

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

Name	Office	Term and Term Expiration
Eric L Rodriguez	President	Four Year Term Expires November 30, 2024
Diahna Garcia-Ruiz	Member	Four Year Term Expires November 30, 2024
Maria Pienado	Clerk	Four Year Term Expires November 30, 2024
Sandy Noujaim	Member	Four Year Term Expires November 30, 2026
Elizabeth Espinoza	Member	Four Year Term Expires November 30, 2026

ADMINISTRATION

Dr. David Farkas
 Superintendent

Tricia Petter
 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, 2023

	Second Period Report Certificate #C6A03E20		Annual Report Certificate #15681802	
	Original	Revised	Original	Revised
	Grades 9-12			
Regular ADA	3,836.88	N/A	3,812.81	N/A
Total Grades 9-12	3,836.88	N/A	3,812.81	N/A
Total ADA	3,836.88	N/A	3,812.81	N/A

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, 2023

<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	68,885	0	68,885	180	0	180	Complied
10th Grade	64,800	68,885	0	68,885	180	0	180	Complied
11th Grade	64,800	68,885	0	68,885	180	0	180	Complied
12th Grade	64,800	68,885	0	68,885	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, 2023

General Fund	Budget 2024 (See Note 1)	2023	2022 (See Note 5)	2021
Revenues and Other Financing Sources	\$ 85,056,895	\$ 87,380,857	\$ 69,450,585	\$ 70,203,742
Expenditures and Other Financing Uses	<u>90,363,893</u>	<u>77,420,515</u>	<u>70,321,163</u>	<u>62,741,933</u>
Net Change in Fund Balance	<u>(5,306,998)</u>	<u>9,960,342</u>	<u>(870,578)</u>	<u>7,461,809</u>
Ending Fund Balance	<u>\$ 22,653,719</u>	<u>\$ 27,960,717</u>	<u>\$ 18,000,375</u>	<u>\$ 18,870,953</u>
Available Reserves (See Note 2)	<u>\$ 9,880,800</u>	<u>\$ 5,219,521</u>	<u>\$ 6,619,705</u>	<u>\$ 14,750,117</u>
Available Reserves as a Percentage of Total Outgo	<u>10.93%</u>	<u>6.74%</u>	<u>9.41%</u>	<u>23.51%</u>
Long Term Debt (See Note 3)	<u>\$ 32,193,973</u>	<u>\$ 32,668,974</u>	<u>\$ 33,116,285</u>	<u>\$ 31,319,601</u>
Average Daily Attendance at P2	<u>3,857</u>	<u>3,837</u>	<u>3,797</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 \$9,089,764 (48.17%) over the past two years. The fiscal year 2022-23 budget projects a decrease of \$5,306,998 (18.98%). 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 \$1,349,373 over the past two years.

Average daily attendance (ADA) has decreased by 163 as compared to ADA funded in 2020-21. 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 ADA reported.

Notes:

1. Budget 2024 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, 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, 2023

	General Fund (Fund 01)	Adult Education Fund (Fund 11)	Cafeteria Fund (Fund 13)	Deferred Maintenance Fund (Fund 14)	Special Reserve Fund for Other Than Capital Outlay (Fund 17)	Special Reserve Fund for Postemployment Benefits (Fund 20)	Building Fund (Fund 21)	Capital Facilities Fund (Fund 25)	Special Reserve Fund for Capital Outlay (Fund 40)	Bond Interest & Redemption Fund (Fund 51)
June 30, 2023, annual financial and budget report fund balances	\$ 28,787,759	\$ 703,744	\$ 1,899,624	\$ 1,914,419	\$ 6,823	\$ 2,828,172	\$ 2,164	\$ 836,026	\$ 35,076,392	\$ 2,016,304
Adjustments and reclassifications:										
Increasing (decreasing) the fund balance:										
Cash in County Treasury FMV Adjustment	(836,925)	(9,411)	(40,605)	(55,139)	(195)	(80,294)	(49)	(23,910)	(1,014,656)	(57,257)
Understatement of Leases Receivable	223,088	-	-	-	-	-	-	-	47,558	-
Understatement of Deferred Inflows of Resources	(213,205)	-	-	-	-	-	-	-	(42,454)	-
GASB 54 Fund Presentation	2,754,506	-	-	-	(6,628)	(2,747,878)	-	-	-	-
Net adjustments and reclassifications	1,927,464	(9,411)	(40,605)	(55,139)	(6,823)	(2,828,172)	(49)	(23,910)	(1,009,552)	(57,257)
June 30, 2023, audited financial statement fund balances	\$ 30,715,223	\$ 694,333	\$ 1,859,019	\$ 1,859,280	\$ -	\$ -	\$ 2,115	\$ 812,116	\$ 34,066,840	\$ 1,959,047

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, 2023

As of June 30, 2023, 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, 2023

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Total Federal Expenditures
CHILD NUTRITION CLUSTER:				
<u>U.S. Department of Agriculture</u>				
Passed through California Department of Education				
School Breakfast Program	10.553	13525	\$ -	\$ 330,847
National School Lunch Program	10.555	13396	-	1,652,552
National School Lunch Program - Noncash Commodities	10.555	13396	-	89,574
Child Nutrition: Supply Chain Assistance	10.555	15655	-	97,640
Total Child Nutrition Cluster			-	2,170,613
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	-	662,666
IDEA Assistance Entitlement	84.027	15638	-	137,809
IDEA Mental Health	84.027	15197	-	97,612
Total Special Education (IDEA) Cluster			-	898,087
OTHER PROGRAMS:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
Adult Education Basic	84.002	14508	-	112,360
Adult Education Secondary	84.002	13978	-	86,055
Title I	84.010	14329	-	1,701,406
ESSA School Improvement Funding for LEAs	84.010	15438	-	1,295
Migrant Education	84.011	14838	-	491,039
Migrant Education Summer	84.011	10005	-	12,280
Vocational Education	84.048	14894	-	148,538
Title III Immigrant Education & LEP	84.365	15146	-	2,386
Title III English Learner	84.365	14346	-	82,851
Title II Supporting Effective Instruction	84.367	14341	-	172,888
Title IV Student Support	84.424	15396	-	31,582
American Rescue Plan - Homeless Children & Youth II	84.425	15566	-	2,203
ELO Grant: ESSER II State Reserve	84.425	15618	-	38,218
ELO Grant: GEER II	84.425	15919	-	52,512
ELO Grant: ESSER III Emergency Needs	84.425	15620	-	47,917
ELO Grant: ESSER III Learning Loss	84.425	15621	-	122,983
Governor's Emergency Education Relief Fund	84.425C	15517	-	31,860
ESSER II	84.425D	15547	-	35,323
ESSER III	84.425D	15559	-	3,683,387
ESSER III - Learning Loss	84.425U	10155	-	460,251
Total Other Programs			-	7,317,334
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 10,386,034

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, 2023

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 5.58% 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>AL #</u>	<u>Indirect Cost Rate</u>
Migrant Education	83.011	1.95%
Migrant Education Summer	84.011	4.18%
IDEA Mental Health	84.027	5.54%
Carl D Perkins Career & Technical Ed - Secondary	84.048	5.00%
Child Nutrition	10.555	5.35%

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 it’s schoolwide programs:

<u>Program</u>	<u>AL #</u>	<u>Amount Expended</u>
Title I	84.010	\$ 1,701,406
ESSA School Improvement Funding for LEAs	84.010	1,295

Central Union High School District

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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 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	\$ 10,462,842
Less: Amounts representing Medi-Cal	<u>(76,808)</u>
Total Federal Expenditures on Schedule of Expenditures of Federal Awards	<u>\$ 10,386,034</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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 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

December 11, 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, 2023. 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, 2023.

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.

William Hadley King & Co. LLP

El Cajon, California
December 11, 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 *2022-23 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, 2023.

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, 2023.

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 *2022-23 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>Procedures Performed</u>
<u>Local Education Agencies Other than Charter Schools</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.....	N/A
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
TT. Home to School Transportation Reimbursement.....	Yes
UU. Independent Study Certification for ADA Loss Mitigation.....	Yes

School Districts, County Offices of Education, and Charter Schools		Procedures
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
EZ.	Transitional Kindergarten.....	N/A

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.

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 *2022-23 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.

El Cajon, California
December 11, 2023

Auditor's Results, Findings & Recommendations

Central Union High School District

Schedule of Auditor's Results

Year Ended June 30, 2023

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 May 2023

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>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.002	Adult Education
84.425	American Rescue Plan - Homeless Children & Youth II
84.425	ELO Grant: ESSER II State Reserve
84.425	ELO Grant: GEER II
84.425	ELO Grant: ESSER III Emergency Needs
84.425	ELO Grant: ESSER III Learning Loss
84.425C	Governor's Emergency Education Relief Fund
84.425D	ESSER II
84.425D	ESSER III
84.425U	ESSER III - Learning Loss

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

Auditee qualified as low-risk auditee? Yes X No

Central Union High School District

Schedule of Auditor's Results, Continued

Year Ended June 30, 2023

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 *2022-23 Guide for Annual Audits of California K-12 Local Education Agencies?*

 Yes X No

Central Union High School District

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2022-23 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

C. State Awards

None

Central Union High School District

Schedule of Prior Year Audit Findings

Year Ended June 30, 2023

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
<p>Finding 2022-001 Attendance Reporting</p> <p><u>Condition</u> 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.</p> <p><u>Recommendation</u> Update schedules to correct formula errors for reporting ADA. Implement a review process over reporting to ensure information submitted is complete and accurate.</p>	Implemented	