

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

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 Fullerton Joint 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 (GAAS) 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 Auditors' 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective July 1, 2022, the District adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires the District to recognize a SBITA asset and corresponding subscription payable for all agreements with terms greater than twelve months. As a result of the implementation of this guidance, the District has reported a SBITA asset and corresponding subscription payable. 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedule of District's proportionate share of the net OPEB liability, schedule of District's proportionate share of the net pension liability and schedule of District contributions, as listed 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 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of average daily attendance (ADA), schedule of instructional time, reconciliation of the annual financial and budget report with the audited financial statements, combining nonmajor fund financial statements, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA organization structure, schedule of financial trends and analysis and schedule of charter schools which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and continuing disclosure information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Glendora, California
February 21, 2024

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Overview

The Fullerton Joint Union High School District (the District) was established in 1893 under the laws of the state of California and consists of an area comprising approximately 55 square miles. The District operates under a locally elected five-member Board form of government and provides educational services to grades 9–12 as mandated by the state and/or federal agencies. The District operates six high schools, one continuation high school, and one alternative high school.

Significant Accomplishments

Troy High School

Troy High School is in year-three of a WASC a six-year clear full accreditation valid through June 30, 2026. The Troy High School mid-cycle WASC report was accepted on June 6, 2023 and Troy continues for the next three years with a clear full accreditation through June 30, 2026. Troy High School is acclaimed for its many programs including Troy Tech, AVID, AP, International Baccalaureate, and Cambridge.

- #37 Best College Prep Public High School in the Nation, 2023 Niche.com
- #2 Best Public High School in California, 2023 Niche.com
- #1 Best Public High School in Orange County, 2023 Niche.com
- #28 in California, U.S. News and World Report, 2023

National Merit Awards

- Semifinalists 2022 - 2023: 32 students
- Scholar Finalists 2022 - 2023: 32 students
- Commended Scholars 2022 - 2023: 82 students
- National Hispanic Recognition Award 2022-2023: 8 students
- National African American Recognition Award 2022-2023: 3 students

Advanced Placement 2023 Data

- College Board's AP Computer Science Female Diversity Award
- Recognition for achieving high female representation in AP Computer Science Principles
- 3401 AP exams administered to 1456 students: average 4.0
- 90% pass rate on AP exams
- 94% of students passed at least one AP exam with a 3 or better in 2022-23

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)
Troy High School (Continued)

AP Exams Given	# Exams	Avg. Score	% with 3+
2D Art Design	9	3.8	100%
Biology	122	4.4	95%
Calc AB	184	4.8	99%
Calc BC	138	4.9	99%
Chem	41	4.6	100%
Chin Lang	41	4.8	198%
Comp Sci A	122	4.5	96%
Comp Sci Prin	423	4.3	96%
Draw	24	3.5	92%
Eng Lang Comp	290	3.9	92%
Eng Lit Comp	110	4.2	98%
Env Sci	80	3.7	85%
Euro Hist	140	3.4	79%
Fren Lang	9	2.9	78%
Macro Econ	201	3.3	82%
Micro Econ	1	3.0	100%
Mus Theo	21	4.0	86%
Phys 1	215	3.5	84%
Phys 2	122	3.2	69%
Phys C: E M	23	3.4	61%
Phys C: Mech	31	3.9	90%
Psyc	143	3.8	89%
Span Lang	65	3.7	89%

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)
Troy High School (Continued)

Stat	109	4.3	97%
US Gov Pol	197	3.2	71%
US Hist	323	4.0	89%
World Hist Mod	208	4.0	94%
Total Exams	3401	4.0	90%

Programs for all Troy students:

- The Troy Tech Magnet
- Program in Science, Technology, Engineering and
- Mathematics; Advanced Placement; International
- Baccalaureate; and Cambridge A Level & AICE Diploma;
- 76% of the student population is enrolled in one or more of our
- specialized programs.
- Concurrent Enrollment Options and
- Certifications
- Fullerton College: Sociology 101, Counseling 140
- California State University, Fullerton Math 15A, 150A/B, 250A/B,
- TroyTech pathways offering certifications: SolidWorks (CSWA), Cisco Certified Support Technician (CCST) Networking, Cybersecurity, & CompTIA Security+

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)
Troy High School (Continued)

Awards & Recognitions

- Science Olympiad Team: 3rd place National Science 2023.
- 14 National and 27 State Championships since 1996
- Science Bowl 2023 2nd place in California
- Biology Olympiad: National USABO 10 consecutive years
- Physics Olympiad Silver Medalist, 2023
- NJROTC: Distinguished Unit of 290 cadets with Academic Honors 2023; Largest CA Program; Drill, Orienteering, Brain Brawl, Seaperch, and CyberPatriot team awards at State and National levels; Annual appointments to Academies
- Troy NJROTC Cyber - 4 time CyberPatriot National Champions (2023, 2021, 2019, 2018).
- 2023 Southern California Aspirations in Computing Award from NCWIT: Recognized 23 Troy Tech female student leaders in information technology/computing;
- 2 groups won the Congressional App Challenge, 2022-23
- MathWorks Math Modeling Challenge Finalists 2020
- Athletics: Troy's 24 sports teams led the league in
- Championships and CIF qualifiers. 99 Student All-LeagueRecipients
- Dance: Troy Red Hots & All Male Dance teams ranked nationally; State Champions in small and large Jazz 2022

College Acceptances

- 98% of Troy's students attend colleges and universities
- 4-year colleges and universities 66% attendance
- 2-year colleges 32% attendance
- Other (military enlistment, vocational/career college, entering workforce) 2%
- 80.1% of the Class of 2023 met the four-year college, A-G entrance requirements for University of California and the California State University institutions.
- 100% of the Class of 2023 graduated with a H.S. diploma or Certificate of Completion

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)
Troy High School (Continued)

2023 International Baccalaureate Data

- 99% IB exam pass rate (Diploma candidates and certificate)
- 34 IB Diploma graduates; 99% passing
- 228 exams taken by 75 students

2023 IB Subjects	# Candidates	# Passed
ENGLISH A: Literature HL	36	36
CHINESE B - MANDARIN SL	3	3
FRENCH B HL/SL	6	6
SPANISH B SL	26	26
BUSINESS MANAGEMENT SL	17	17
PHILOSOPHY HL	35	35
BIOLOGY HL	12	12
BIOLOGY SL	6	6
COMPUTER SC. HL	8	7
COMPUTER SC. SL	1	1
DESIGN TECH. SL	3	3
PHYSICS HL	5	3
PHYSICS SL	17	17
MATHEMATICS HL	16	16
MATHEMATICS SL	31	31
FILM HL/SL	2	2
VISUAL ARTS HL	2	2
Totals	228	225

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)
Troy High School (Continued)

2023 Cambridge Data

240 exams taken by 145 candidates with a 96% pass rate

2022 Cambridge Subjects	# Candidates	% Passed
Biology AS Level	18	89%
Biology A Level	17	88%
Business A Level	12	100%
English Language AS	60	100%
English Language A	48	100%
History AS	37	95%
History A Level	37	97%
Media Studies AS	9	89%
Spanish Language	1	100%
Totals	145	96%

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Sunny Hills High School

In addition to excellent academics including AP, International Baccalaureate, AVID, Agricultural, and ROP courses, Sunny Hills also boasts thriving arts, athletics, and activities along with a multitude of clubs that allow students to participate and engage in school beyond the classroom. The staff believes that high school should be a fun and exciting time in a student's life filled with vast opportunities for learning and growth. The quality and drive of the exceptional teaching staff, the professionalism and pride of the classified staff, the community and parental partnerships, and the amazing students allow Sunny Hills High School to provide a world-class education for every student, every day!

Rankings

Sunny Hills High School has been ranked by U.S. News & World Report #923 in the national rankings and #137 in the state of California. Sunny Hills High School ranks #60 in the Los Angeles area. Niche.com rates Sunny Hills as an A+ school and #9 Best High School in Orange County, #70 out of 2,002 Best Public High Schools in California, #73 out of 1,696 Best Public High Schools in California, #370 out of 20,446 Best Public High Schools in America, and #10 Most Diverse Public High School in Orange County.

College Matriculation

Sunny Hills has a 96% graduation rate. As reported by the Class of 2023, 92% were attending All Colleges (including trade colleges), 19% to a University of California, 53% to All Four-Year Colleges,

21% to a California State University, 39% to Two-Year Colleges/Trade schools, 2% to the Armed Forces or Academy, and 13% to Private Colleges & Out-of-State.

Advanced Placement

In 2023, 1,143 students took 2,246 AP exams in courses including American Government, Biology, Calculus, Chemistry, Chinese, Computer Science, English Language and Composition, English Literature and Composition, Environmental Science, European History, German, Human Geography, Macro Economics, Physics, Psychology, Spanish, Statistics, Studio Art, and U.S. History. Students earned a 3 or better on 73% of the exams with 77% of our students earning a 3 or higher on an exam. 155 students were recognized as AP Scholars, 71 as AP Scholars with Honor, and 175 as AP Scholars with Distinction.

International Baccalaureate

Sunny Hills was granted full affiliation in 1985 by the International Baccalaureate Organization. In 2023, 62 students took 241 subject entries. Passing scores of four (4) or above were earned on 89% of the tests. 24 of the 29 eligible senior candidates were granted International Baccalaureate diplomas. Students may take higher-level exams in Art, Dance, Economics, English, Theater, Physics, German, Spanish, Korean, and History of the Americas. Standard-level exams may be taken by students in Art, Biology, Dance, Physics, Design Technology, Spanish, German, Korean, Chinese, Mathematics, and History of the Americas.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Sunny Hills High School (Continued)

Agricultural Sciences

AVID: The program is designed to provide additional support for college preparatory/honors/AP students with a 2.5 or higher GPA to ensure they complete college/university requirements so they are eligible to apply to 4-year colleges and universities. The AVID program also promotes enrollment in honors/AP/IB courses as appropriate; 63% of the AVID student population is in an honors/AP/IB course. Currently, Sunny Hills High School has 288 students in the AVID program with 88% of the AVID 2023 graduating class university A-G eligible, 100% applied to a 4-year university, 88% were accepted into a 4-year college/university, and 100% of our students reported they are going to continue their education at a higher education institute. AVID Student Winners?

Conservatory of Fine Arts (COFA)

Students can earn a COFA Laureate for 3 years of study or a COFA Laureate with Distinction for 4 years of study and participation in 3 COFA-sponsored events per year outside of their courses. All courses meet the UC/CSU "Visual/Performing Art" requirement. Currently, Sunny Hills has 986 COFA members and in 2023, 24 students earned the Laureate Award and 41 students earned the Laureate with Distinction Award.

Athletics

During the 2022-23 school year, 1,187 student-athletes competed across 21 total sports winning 7 Freeway League championships. Boys Gold won a CIF Championship. Girls Water Polo and Boys Soccer were also CIF Finalists. Esports won a CIF championship as well.

Other Accomplishments

Sunny Hills saw significant improvements in students meeting or exceeding standards across the board for our 2022-23 CAASPP Results. For ELA, we had a 7% increase. For Math, an 11% increase. For Science, a 9% improvement.

In 2022-23, Sunny Hills had 4 National Merit Scholarship Competition Finalists, 5 National Merit Award Semifinalists, and 19 National Merit Commended Students.

CTE Pathway Completers

For 2022-23, 68 students received their California Seal of Biliteracy in the following languages: 7 German, 13 Korean, 6 Mandarin, and 42 Spanish. The Sunny Hills newspaper (*Accolade*) and yearbook (*Helios*) were both named as Columbia Scholastic Press Association, Crown Finalists and National Scholastic Press Association, Pacemaker Finalists. The Lancer Video Production program won 2nd place in the 2023 California All Stars News Broadcast category from "The Southern California Journalism Education Association" for their "Sunny Side Up" weekly video news magazine. Through our EPIC Engineering and Computer Science Programs, 5 students participated as Boeing Interns over the summer. Sunny Hills had a student compete as one of the 40 Regeneron Science Talent Search finalists.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Sonora High School

Sonora High School offers a wide variety of programs and opportunities for students to find their fit within the school culture, while also cultivating and exhibiting their passions, interests, and talents. The goal of these programs is to allow for students to gain experience and knowledge within a focus area that allows them to find success in all academic areas while preparing them for college, career, and beyond. The school offers special programs that attract students and families based upon the interests of the student. Such programs include Career Technical Education (CTE) courses, International Baccalaureate (IB), Advanced Placement (AP), Advancement Via Individual Determination (AVID), athletics, and other activities to allow for students to demonstrate their strengths and fulfill their academic curiosities.

Advancement Via Individual Determination (AVID)

The AVID program helps to fulfill the goal of providing support to students, and their successful transition to college. AVID was reintroduced to Sonora during the 21-22 school year, and continued into its second year in the 22-23 school year. As the program grew, Sonora offered two sections of AVID I as well as two sections of AVID II in 22-23. Sonora had a group of six staff members attend summer training in 2023, and as a result, an AVID Leadership Team was created that meets monthly to discuss implementation in each of the levels of AVID, professional development opportunities for staff schoolwide, and examination of data to determine areas of success. The AVID program began with 78 students in AVID I, and during the 22-23 school year, the program consisted of 64 students who matriculated to AVID II and 54 additional incoming freshmen in AVID I.

Academy of Nursing and Medical Careers

The Academy of Nursing and Medical Careers was established in 1994 and has been a staple CTE program at Sonora High School since that time. This four year program offers courses at every grade level, including Introduction to Med/Nursing, Health Med/Office, Body Systems and Medical Assisting. Academy students have the opportunity to earn both a CPR/First Aid Certification and their Medical

Assisting Certification. During the 22-23 school year Sonora had 27 students earn their Medical Assisting Certification and 60 students earn their CPR/First Aid Certification.

Culinary Arts CTE Pathway

The Culinary Arts CTE Pathway has proven to be the fastest growing pathway at Sonora, based upon consistency of registration and student interest. Students are provided with hands-on experience that allows them to learn and understand the basics of operating a kitchen, kitchen safety, knife skills, sanitation and cooking and baking skills. Course offerings include Introduction to Culinary Arts, and Culinary Arts and Hospitality Management which develops leadership skills in the area of culinary management. During the 22-23 school year, the culinary kitchen and adjacent classroom were upgraded and improved to provide students with a state-of-the-art environment. During the 22-23 school year, 219 students participated in the Culinary Arts Pathway.

Digital Game Design and Digital Media Arts

The goal of the Sonora Digital Game Design and Media Arts Program is to prepare students for job positions and/or higher institutions of learning in the areas of video game design, 2D and 3D design and animation, visual effects, and other design positions. Students learn how to use industry standard software such as Unity and Unreal Game Engines, Autodesk Maya and Blender, Adobe Photoshop, Illustrator, Animate, and Premiere. The program offers students Introduction to Game Design, Intermediate Game Design, and Advanced Game Design. The courses provide students with the knowledge and skills to enter the workforce or seek additional training or certification as a post-secondary option. 127 students participated in the program in 22-23 and 24 of them completed the entire pathway.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Sonora High School (Continued)

Agriculture

The Sonora High School Agriculture Program is a robust program. There are three pathways within the program, including Agricultural Mechanics, Veterinary Science, and Floral Design. All the pathways are designed to provide hands-on learning experiences to help prepare students for future careers as well as college readiness. The program also promotes premiere leadership, personal growth, and career success through partnership with The National FFA Program. During the 22-23 school year, Sonora reintroduced the Agriculture Chemistry class to the master schedule, giving students the opportunity for a three year pathway in Veterinary Science, as well as, a two year pathway in Floral Design, and a four year pathway in Agricultural Mechanics. During the 22-23 school year, 102 students participated in the Mechanics Pathway, 65 participated in the Floral Design Pathway, and 79 participated in the Veterinary Science Pathway. Additionally, students participate in numerous FFA activities including district and state leadership competitions, and livestock expeditions at the Orange County Fair.

International Baccalaureate (IB)/AP

With a fundamentally sound IB program for 36 years, Sonora is the choice for many families that want an authentic and meaningful high school experience. This has been especially important in the current times of declining enrollment. Because of the robust, successful IB program, a number of students each year enroll in Sonora from outside the district for the IB program. Students have the option of a full IB Diploma program, or IB classes are open to any Sonora student who is interested in an advanced

curriculum. Sonora IB students enroll in several Ivy League colleges, as well as multiple other 4 year colleges. 26% of the senior class of 2023 took at least one IB exam, Sonora gave 354 IB exams, and out of the 22 students who attempted a full diploma, 20 received one. Sonora offered IB exams in the following subjects: English, French, Spanish, Environmental Science, History of the Americas, Psychology, Biology, Physics, and Math.

Additionally, Sonora offers a robust AP program. In May of 2023, Sonora gave 510 AP exams to 362 students, with various different subjects. Students in grades 10-12 took exams, with pass rates of 82% in psychology, 96% in biology, 95% in Spanish, 86% in US History, and 85% in European History. In the 22-23 school year, Sonora offered 15 different AP subjects in the areas of math, science, social science, computer science, Spanish, and visual arts.

Junior Reserve Officer Training Corps (JROTC)

Sonora High School offers students the opportunity to participate in the Army JROTC program, which is focused upon character education, student achievement, wellness, leadership development, and diversity. The program is a cooperative effort between the United States Army and Sonora High School to produce successful students and citizens. During the 22-23 school year, Sonora had approximately 100 students who were involved in the various levels of the JROTC program, which spans between the introductory course level and our Special Teams group that represented Sonora in a variety of contests and community presentations. Additionally, JROTC students participated in various formal ceremonies, and recognitions throughout the school year. JROTC provides students with valuable life-lessons and skills that prepare them for either future service in the military and/or application of skills for college and career success.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Buena Park High School

With the emergence and growth of new programs, accelerated high level academic academies, and champion and award winning athletic and arts departments, Buena Park High School is quickly becoming a “Destination High School” for students in the surrounding area. Regardless of where students come from, once they embrace the welcoming environment that is BPHS, they transform into a Coyote and join our Pack! They then take on our Pack’s high expectations, choosing to operate at a higher level than other high school students. As a Pack, we RISE UP together, and after four years, our students graduate better students, citizens, and young adults, ready to not only tackle higher education and a career, but excel in all facets of life! For we are a Pack, and we develop the core values of **Respect**, **Integrity**, **Service before self**, and **Excellence** in all we do, so we can RISE UP to meet all challenges.

Our high expectations start with the bottom line of: Everyone, in-class, every period, every day! It continues with the expectation that students learn true engagement, free from the outside distractions that are present due to constant connectivity through devices. We want students to learn how to #Unplug while in class, by removing their devices from their immediate vicinity, so they can Connect and Engage with their peers, with their instructor, and with the curriculum. Overall, we expect each and every student to find their connection to BPHS through the multitude of programs offered at the school. One of the attributes that makes BPHS a Destination School for All students are the award winning and high caliber Arts, Athletics, and Academic programs that foster unique learning opportunities and develop well rounded students. Along with that, Buena Park High School continues to offer a complete

Honors/AP and college prep program that has a history of providing students with the preparedness to attend our nation’s finest educational institutions. We have recent graduates currently studying at: multiple Ivy League schools to include Princeton, Brown, and Columbia, Private Universities around the country to include Stanford, USC, Northwestern University, and The Claremont Colleges, not to mention hundreds of students at every UC and CSU in the state of California. We boast National Merit Finalists, Semi-Finalists, Questbridge, and Presidential Scholars, in addition to many more incredible accomplishments from our entire Coyote Family. The multitude of amazing specialized academic programs make BPHS an AAA (Triple A) “Destination High School.”

EARLY COLLEGE: partnership with Cal State Fullerton, Fullerton College and Mt. San Antonio College (Mt. SAC) where students take college classes during their regular school day and earn both UC-/CSU-transferable college credit while meeting their high school graduation requirements.

AP CAPSTONE DIPLOMA: an innovative and prestigious diploma program that includes (2) unique 1-year courses, AP Seminar and AP Research. The program allows students to immerse themselves in topics that personally matter to them while developing the analytic, research, problem-solving, and communication skills that colleges seek in the applicants.

CAVPA: (*Coyote Academy of Visual and Performing Arts*): Fine and Performing Arts pathways that includes all five branches of the arts: Band & Orchestra, Vocal Music, Digital/Media Arts, Dance, Theater, and 2-D/3D fine art. In addition, CAVPA offers multiple AP courses in the fine arts and has achieved a 99% AP pass rate over the past 8 years!

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Buena Park High School (Continued)

AGRICULTURE SCIENCE ACADEMY: BPHS is home to the #1 High School Agriculture Program in the Western USA, featuring a complete four-year science pathway capped by two-early college options: Veterinary Science and Horticulture.

AFJROTC: BP AFJROTC has earned Distinguished Unit honors every year for the past decade, highlighted by its leadership development and community service focuses. It also boasts two Nationally Ranked Stellarxplorers academic teams.

CAREER TECHNICAL EDUCATION: With both an academic and skills-based focus, BPHS offers eight different CTE pathways: Ag Science, Culinary Art & Hospitality, Video Production, Visual Communications, AP Computer Science, Automotive Technology, Advanced Robotics & Automated Manufacturing (ARM), and Sports Medicine. Each of these pathways offer unique aspects that greatly contribute towards building a well-rounded education foundation. In the past year, BP's ARM program has boasted the first students in the state of California to receive SACA silver and gold level industry certifications.

In addition to the programs mentioned above, Buena Park High School also offers a wide variety of extra and co-curricular programs, led by the largest program on campus, its Athletic Department. With approximately 30% of the student body participating in one or more sports, the recent resurgence in the Athletic accomplishments by our athletes and coaches is a testament to their hard work and dedication to growth and improvement. In just the last few years we have won a CIF Championship in Girls Waterpolo (2019), CIF Final runner-ups in Girls Basketball (2023) and Boys Waterpolo (2018),

Freeway League title in Football (2016), and CIF berths the past couple seasons in: Boys and Girls Basketball, Boys & Girls Cross Country, Boys & Girls Water polo, Boys & Girls Wrestling, Boys Soccer, and Boys Tennis. That represents over half of our athletic programs qualifying for CIF play!

As a Destination School, BPHS offers "something for everyone." We have a robust AVID program, Journalism and Yearbook multiyear pathways, an advanced college level Computer Science pathway, and much more. As partners in the educational process, parents and guardians provide the crucial encouragement, monitoring, and support to our children that are vital to their success, and are encouraged to participate in their child's high school progression. Every BPHS student is enrolled to not only gain his or her four-year diploma, but to proceed on to a 2- to 4-year post high school education (*8 Year Educational/Career Plan*). We focus on the future, because the road to success does not end at BPHS, but rather it begins here! We provide the foundation with which our students use to launch their college and careers.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

La Habra High School

La Habra High School in 2022/2023 was ranked by U.S. News & World Report #4168 out of 17,680 of the best high schools in the nation, #610 out of 2,613 of the best high schools in California. The Advanced Placement participation rate is 42% with a 59% pass rate with a score of three or more on their test. La Habra students completed A-G courses at 55%. La Habra has a graduation rate of 98.5%

La Habra High School was named by Niche.com #119 out of 1691 best high schools for athletics in California, #533 out of 2002 for best public high schools in California.

For the 2022/2023 school year, La Habra was granted six-year WASC accreditation status through June 30, 2029 with a mid-cycle visit during the 2025-2026 school year.

La Habra High School has also been recognized twice as a California Distinguished School, four-time Golden Bell Award recipient, and National Blue Ribbon Nominated School for its comprehensive, specialized educational programs, including the Heritage Humanities Magnet Program, Forensics, Police, and Fire Academy (FPFA), Marketing and Business Academy (MBA), Agricultural Sciences and Mechanics Program, HiARTS Program, and Naval JROTC Program. There are also numerous pathways offered for students within the subjects of Auto Tech, Culinary, Computer Science, Emergency Response (EMT), and Sports Medicine.

La Habra High School has a successful partnership and pathway with Fullerton College, considered a model school with the Administration of Justice courses (AJ) and has over a 90 percent success rate.

La Habra High School offers a balanced approach to high school. Students are involved with relevant and rigorous academic academies, programs and pathways including an award winning Advanced Placement and Honors program, coupled with the opportunities to be involved with extremely successful athletic teams, clubs and other extra and co-curricular programs. It is a special institution where the school works collectively as a school family, consisting of students, staff, and parents, to create a family environment that fosters a culture of positivity, acceptance, kindness, dedication, resilience, and success.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

Fullerton Union High School

Fullerton Union High School in 2023 was ranked by US News and World Report #2648 in the national rankings and was ranked #401 in the state of California. We are above the state average in our Math and Reading CASSPP Scores. The Advanced Placement participation rate is 40%. Fullerton Union High School has a 97% graduation rate.

We have a rich tradition of academic, athletic, and co-curricular success. It is this commitment to learning that has propelled us to a national ranking in the top 10% of high schools in US News and World Report. FUHS offers a variety of programs not only so students can apply their learning but also so that every student can find their passion and find a place to call their own. There is so much to choose from because our course offerings are as diverse as our student body and represent what is best in schools today.

FUHS has received 11 Golden Bell Awards from the California School Boards Association for Educational Excellence and Innovation. The most recent Golden Bell was awarded in the fall of 2022 to our award-winning Biology, Engineering, Arts, Science, and Technology (BEAST) program. FUHS has been honored three times as a California Distinguished School and has also received the National Exemplary School Designation. FUHS Academy of the Arts has been awarded the 2021 CA Exemplary Arts Education Award. "Schools recognized as Exemplary Arts Education Awardees represent a broad cross-section of educational delivery models, including traditional comprehensive elementary schools, magnet schools, and district and independent charters. These schools serve diverse demographic populations of varying sizes, from a 2,700-student urban school to a 250-student rural school. Some schools serve primarily Title I students from lower socio-economic circumstances, and others serve suburban populations with strong district and community financial support" (CDOE). We are very proud of the fact that over 73% of our student body takes advantage of our robust arts programs.

The mission of Fullerton Union High School is to provide quality curriculum and instruction through a wide range of academic, co-curricular, and extracurricular opportunities by which all students may discover their interests and talents, form connections, and move from passive to active participants in the educational community in preparation for a responsible, productive adulthood.

The core values that bind FUHS together are integrity, caring, creativity, and mutual respect. The school's mission has always been to provide quality curriculum, instruction, and activities to prepare students to be college and career-ready. The curriculum combines rigorous academic programs that include Advanced Placement classes and the International Baccalaureate Diploma with special programs like the Agri-Science Academy, Computer Science Pathway, Culinary Academy, Academy of the Arts, JROTC, BEAST (STEAM Program), and Speech and Debate.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
INTRODUCTORY SECTION
JUNE 30, 2023**

Significant Accomplishments (Continued)

La Vista High School and La Sierra High School

La Vista is the continuation high school and La Sierra is the alternative high school in the Fullerton Joint Union High School District. School-based mental health is one of the staffs' core values. All teachers are trained in Restorative Practices and certified in trauma-informed instruction. In addition, Social-Emotional Learning (SEL) is provided to all students in the school-wide Academy Program. The Academy Program was awarded with a California School Board Association Golden Bell Award in 2023 for its impact on cultivating at-risk students' confidence and self-esteem, improving academic performance and increasing student engagement.

There are five alternative programs that operate under the umbrella of La Sierra High School: Tenth-Grade Opportunity, The iSierra Online Academy, The Adult Transition Program, ABC, and Home/Hospital. Two of the programs - Adult Transition and Tenth-Grade Opportunity - have, like the school-wide Academy Program, received the Golden Bell Award from the California School Board Association in recognition for the gains students make while enrolled in these programs. The Adult Transition Program is also the recipient of the prestigious GOALS Award given to only one special education program in California each year.

Both La Vista and La Sierra High School received a full six-year term of accreditation from the Western Association of Schools and Colleges in 2023. The Academy Program was highlighted as an area of commendation in the final WASC report along with, amongst other items, the schools' focus on its four CORE Values:

1. The 12 Highly-Effective Teaching Strategies
2. Educational Technology Applications
3. Safety
4. School-Based Mental Health

La Vista High School is a designated Model Continuation High School. This is the highest honor a continuation high school can receive. La Vista has maintained this qualification since first applying for the award with the California Department of Education sixteen years ago.

La Vista English teacher, Jina Iglesias, and La Vista/La Sierra lead custodian, Antonio Arenas, received the Parenting OC Top 10 OC Teacher and Employee of the Year Award in 2024.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

This section of Fullerton Joint Union High School District's (the District) annual financial report presents the District's discussion and analysis of its financial performance during the fiscal year that ended on June 30, 2023. This should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The Fund Financial Statements include statements for each of the two categories of activities: governmental and fiduciary. The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The *Fiduciary Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

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

The Primary unit of the government is the District.

Financial Highlights

- LCFF Sources - The District received approximately \$166.6 million (\$76.1 million in state LCFF and \$90.5 million in local taxes) in 2022/23 as compared with \$147.3 million (\$63.4 million in state LCFF and \$83.9 million in local taxes) in 2021/22. This represents an increase of \$19.3 million.
- Federal, Other State, & Local Sources - The District received and reported in 2022/23 approximately \$63.8 million in Federal, Other State, & Local Revenue in the General Fund compared to \$52.4 million in 2021/22. This represents an increase of \$11.4 million.
- Collective bargaining agreements with all employee groups were settled through June 30, 2025.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Financial Highlights (Continued)

- An agreement was entered on April 25, 2022 between the District and the Fullerton Secondary Teachers' Organization (FSTO).
 - The 2022/23 salary schedule, Appendix A, shall reflect a 4.5% increase over the 2020/21 salary schedule. In the event the 2022/23 COLA is finalized (as determined by the Department of Finance) at greater than the estimated 5.33%, the certificated salary schedule shall be increased by eighty percent (80%) of the increased COLA and Appendix A shall be amended.
 - Effective for the 2023/24 Fiscal Year A three percent (3.0%) on-schedule increase shall be applied to the 2022/23 certificated salary schedule. Additionally, an off-schedule payment of 3% shall be paid at the end of the 2023/24 school year. This one-time 3% payment shall be applied to the May 2024 paycheck. Business Services will verify active employees as of April 1, 2024 and calculate the 3% based on the employee's annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).
 - Effective for the 2024/25 Fiscal Year The 2023/24 certificated salary schedule shall be increased by seventy-five percent (75%) of the final 2024/25 COLA as determined by the Department of Finance. Additionally, an off-schedule payment of 2.5% shall be paid at the end of the 2024/25 school year. This one-time 2.5% payment shall be applied to the May 2025 paycheck. Business services will verify active employees as of April 1, 2025 and calculate the 2.5% based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).
- The District and the California School Employees Association (CSEA) Chapter 82 entered into an agreement on April 27, 2027.
 - The 2022/23 salary schedule, Appendix A, shall reflect a 4.5% increase over the 2020/21 salary schedule. In the event the 2022/23 COLA is finalized (as determined by the Department of Finance) at greater than the estimated 5.33%, the certificated salary schedule shall be increased by eighty percent (80%) of the increased COLA and Appendix A shall be amended.
 - Effective for the 2023/24 Fiscal Year A three percent (3.0%) on-schedule increase shall be applied to the 2022/23 certificated salary schedule. Additionally, an off-schedule payment of 3% shall be paid at the end of the 2023/24 school year. This one-time 3% payment shall be applied to the May 2024 paycheck. Business Services will verify active employees as of April 1, 2024 and calculate the 3% based on the employee's annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).
 - Effective for the 2024/25 Fiscal Year The 2023/24 certificated salary schedule shall be increased by seventy-five percent (75%) of the final 2024/25 COLA as determined by the Department of Finance. Additionally, an off-schedule payment of 2.5% shall be paid at the end of the 2024/25 school year. This one-time 2.5% payment shall be applied to the May 2025 paycheck. Business services will verify active employees as of April 1, 2025 and calculate the 2.5% based on the employees annual salary (which includes longevity, excludes all extra earnings, and may be pro-rated depending on the hire date).

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets and deferred outflow and all liabilities and deferred inflows of the District using the full-accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

In the *Statement of Net Position* and the *Statement of Activities*, District activities are separated as follows:

Governmental Activities – The District reports all of its services in this category. This includes supporting student achievement in the education of ninth through twelve grade students, the operation of adult education programs, compensation for employee salary and benefit costs, and improving and maintaining District facilities. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bond proceeds, finance these activities.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. The District uses internal service funds (a type of proprietary fund) to report activities of the District's self-insured health and welfare and workers' compensation programs. The internal service funds are consolidated with governmental activities in the government-wide financial statements.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, nonobligatory debt of the Fullerton Joint Union High School District Community Facilities District. The District's fiduciary activities are reported in the *Statement of Fiduciary Net Position* and the *Statement of Changes Fiduciary Net Position*. The District excludes these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

THE DISTRICT AS A WHOLE

Net Position

Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	June 30, 2023	June 30, 2022
ASSETS		
Current and Other Assets	\$ 176,047,708	\$ 156,630,258
Capital Assets	305,007,933	300,573,399
Total Assets	<u>481,055,641</u>	<u>457,203,657</u>
DEFERRED OUTFLOWS OF RESOURCES	53,107,367	46,951,480
LIABILITIES		
Current Liabilities	23,810,148	25,145,446
Long-Term Liabilities	416,274,895	368,761,120
Total Liabilities	<u>440,085,043</u>	<u>393,906,566</u>
DEFERRED INFLOWS OF RESOURCES	<u>32,424,665</u>	<u>86,698,661</u>
NET POSITION		
Net Investment in Capital Assets	124,359,060	118,158,262
Legally Restricted	53,733,702	31,880,033
Unrestricted	(116,439,462)	(126,488,385)
Total Net Position	<u>\$ 61,653,300</u>	<u>\$ 23,549,910</u>

The District's net position was \$61,653,300 for the fiscal year ended June 30, 2023, reflecting an increase from prior year of \$38,103,390. Of this amount, \$53,733,702 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use that net position for day-to-day operations.

The (\$116,439,462) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. The June 30, 2023 unrestricted net position increased \$10,048,923 compared to June 30, 2022.

In addition, the changes in long-term liabilities and deferred inflows and outflows of resources is related to the recording of changes in postemployment healthcare benefit obligations and the recording of changes in pension related obligations. Refer to Notes 8, 13 and 14 for further discussion.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* in the District's financial statements. Table 2 takes the information from the statement and rearranges it slightly so the reader can identify the District's total revenues for the year.

Table 2

	Governmental Activities	
	June 30, 2023	June 30, 2022
REVENUES		
Program Revenues:		
Charges for Services	\$ 173,898	\$ 88,823
Operating Grants and Contributions	61,933,958	47,108,362
Capital Grants and Contributions	-	4,521,595
General Revenues:		
Property Taxes	105,679,398	97,858,613
Federal and State Aid Unrestricted	81,365,105	67,277,249
Interest, Investment, and Miscellaneous	8,545,229	6,666,653
Total Revenues	<u>257,697,588</u>	<u>223,521,295</u>
EXPENSES		
Instruction and Instruction Related Services	129,368,203	117,790,893
Pupil Services	22,371,144	19,533,169
Ancillary, Community, and Enterprise Activities	8,066,425	6,702,645
General Administration	12,679,385	12,607,385
Plant Services	19,665,292	19,326,390
Other Outgo	7,896,682	6,968,453
Debt Service - Interest	6,064,098	6,232,070
Depreciation/Amortization (Unallocated)	13,482,969	13,389,229
Total Expenses	<u>219,594,198</u>	<u>202,550,234</u>
CHANGE IN NET POSITION	38,103,390	20,971,061
Net Position - Beginning of Year	<u>23,549,910</u>	<u>2,578,849</u>
NET POSITION - END OF YEAR	<u>\$ 61,653,300</u>	<u>\$ 23,549,910</u>

As shown above in Table 2, the cost of all governmental activities in fiscal year 2022/23 was \$219,594,198. Federal and state unrestricted revenues totaled \$81,365,105, local property tax revenue totaled \$105,679,398, and other local revenues – including contributions and donations totaled \$8,545,229.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

THE DISTRICT'S FUNDS

As the District completed this year, governmental funds reported a combined fund balance of \$147,933,706, which is an increase of \$19,749,580 from the prior year (see Table 3 below).

Table 3

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
REVENUES	\$ 261,204,669	\$ 231,022,576
EXPENDITURES	<u>241,475,089</u>	<u>237,284,670</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,729,580	(6,262,094)
OTHER FINANCING SOURCES (USES)	<u>20,000</u>	<u>20,000</u>
NET CHANGES IN FUND BALANCE	19,749,580	(6,242,094)
Fund Balances - Beginning of Year	<u>128,184,126</u>	<u>134,426,220</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 147,933,706</u></u>	<u><u>\$ 128,184,126</u></u>

The primary reason for this net increase is due to the deadlines required to spend down these one-time dollars provided by federal and state due to the COVID-19 pandemic.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

THE DISTRICT'S FUNDS (CONTINUED)

Of these funds, the District's general operating fund, the General Fund consists of activity in the General Fund (Fund 01), the Deferred Maintenance Fund (Fund 14), the Special Reserve Fund for Other than Capital Outlay (Fund 17), and the Special Reserve Fund (Fund 20). Below is a table showing changes from 2021/22 to 2022/23:

Table 4

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
REVENUES	\$ 230,451,804	\$ 199,697,524	\$ 30,754,280
EXPENDITURES	<u>208,834,840</u>	<u>198,341,283</u>	<u>10,493,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,616,964	1,356,241	20,260,723
OTHER FINANCING SOURCES (USES)	<u>(650,000)</u>	<u>(650,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	20,966,964	706,241	20,260,723
Fund Balances - Beginning of Year	<u>71,228,151</u>	<u>70,521,910</u>	<u>706,241</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 92,195,115</u></u>	<u><u>\$ 71,228,151</u></u>	<u><u>\$ 20,966,964</u></u>

The primary reasons for the change in fund balance include:

- An increase in federal and state funding related to COVID-19 and LCFF base augmentation.
- An increase in certificated and classified salaries and health & welfare costs.
- An increase in books and supplies due to textbook adoption implementation and COVID-19 related distance learning purchases.
- An increase in services and other operating costs related to COVID-19 related purchases, including personal protective equipment (PPE), such as HVAC systems, new outdoor spaces, and permanent buildings (replacing portables buildings).

General Fund Budgetary Highlights

In June of each year, a Budget is adopted by the Board of Trustees, effective July 1 through June 30 for the fiscal year. The "Adopted Budget" is developed based on on-going operational expenditures without carryover and one-time unanticipated new revenues. As the school year progresses, the Budget is revised and updated regularly. The final revision of the Budget which is also known as the Estimated Actuals Budget is presented in June, toward the end of the fiscal year. In August following the close of the fiscal year, the books are closed, and the results are audited, yielding the Final Budget and numbers which are included in the Annual Financial Report.

A schedule of budgetary comparison for the General Fund can be found on page 84. The key differences between the Adopted Budget, the Estimated Actuals Budget, and Final Budget are attributable to adjusted revenue and expenditures projections and carryovers amounts.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$305,007,933 in a broad range of capital assets (net of depreciation/amortization), including land, buildings, furniture and equipment. This amount represents a net increase (including additions, retirements, and depreciation/amortization) of \$4,434,534. This was primarily related to modernization projects for aquatics, theater and facilities at various campuses as well as kitchen upgrade projects throughout the District.

Table 5

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Land	\$ 3,485,921	\$ 3,485,921
Construction in Progress	20,811,550	42,041,568
Buildings and Improvements	390,583,074	353,700,191
Equipment	31,475,236	29,576,826
Right-to-Use Lease Equipment	499,113	499,113
SBITA Assets	366,228	-
Total Accumulated Depreciation/Amortization	<u>(142,213,189)</u>	<u>(128,730,220)</u>
Total	<u><u>\$ 305,007,933</u></u>	<u><u>\$ 300,573,399</u></u>

Long-Term Liabilities

At the end of the fiscal year, the District had \$416,274,895 in long-term liabilities versus \$368,761,120 the prior fiscal year. This increase is primarily attributable to an increase in net OPEB and net pension liability. Additional information on these increases can be found at Notes 13 and 14.

Table 6

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Lease Liability	\$ 227,547	\$ 365,998
Certificates of Participation (COP)	16,703,397	17,611,897
General Obligation Bonds	193,183,531	199,356,958
Compensated Absences	1,844,854	1,702,197
Net OPEB Liability	63,753,180	59,286,480
Net Pension Liability	140,562,386	90,437,590
Total	<u><u>\$ 416,274,895</u></u>	<u><u>\$ 368,761,120</u></u>

The state limits the amount of general obligation debt that districts can issue to 1.25% of the assessed value of all taxable property within the District's boundaries. This is also known as the District's bonding capacity.

Pension liabilities are paid based on funding rates set by the respective retirement plan. Post-employment healthcare benefits are funded on a pay-as-you-go basis.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

State Budget and 2023/24 LCFF – In 2013/14, the State implemented the Local Control Funding Formula (LCFF). This funding model formula establishes a base with supplemental and concentration add-ons for English learners, free and reduced-price meal eligible students and foster youth students.

Under LCFF, the District will plan for program needs based on input from a variety of District stakeholders including community members, administrators, certificated and classified staff, bargaining associations, parents, and students. This information is used to develop the District's Local Control Accountability Plan (LCAP). The District budgets LCFF funds in support of the LCAP.

The LCFF consists of two calculations - one is done for the base grant entitlement where the grade span per-pupil grants are increased annually for a Cost-of-Living adjustment (COLA) while the other calculation is done for the Supplemental and Concentration grants. Supplemental and Concentration grant increases are calculated based on the percentage of total enrollment accounted for by English learners, free and reduced-price meal (FRPM) program eligible students, and foster youth. The District does not qualify for the Concentration grant as the eligible student count does not exceed 55% of the District's enrollment.

Below is information related to the projected LCFF amounts reported on the 2023/24 adopted budget:

	2023/24	2024/25	2025/26
COLA	8.22%	3.94%	3.29%
LCFF Amount	\$184,446,833	\$187,514,831	\$189,125,046

Projected Student Average Daily Attendance – At the time the 2023/24 Adopted Budget was presented to the board, District ADA was projected to decline in the 2023/24 school year by 346 students. The 2023/24 Enrollment and ADA estimates will be revised as new information is received. Since the District is in declining enrollment, the 2023/24, 2024/25, and 2025/26 Local Control Funding Formula revenues will be calculated based on a three-year rolling average (prior three year ADA numbers).

Lottery – Lottery income projected as of the 2023/24 Adopted Budget for years 2023/24, 2043/25, and 2025/26 is based on estimates from the State Department of Education, the Orange County Department of Education, and School Services of California. Projected 2023/24 lottery income by School Services of California is \$170 per ADA for unrestricted uses, and \$67 per ADA for restricted uses and holds at that level for the next several years.

Special Education – It is estimated that the District will receive somewhat level funding for Special Education in 2023/24. Based on the 2023/24 Adopted Budget, the General Fund contribution in support of various Special Education programs for 2023/24 will be approximately \$16.43 million.

Ending Fund Balance Projection – The District's 2022/23 ending fund balance and projected 2023/24, 2024/25, and 2025/26 ending fund balance are projected to meet the required 3% contingency reserve requirement.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact:

Ruben Hernandez, Assistant Superintendent, Business Services
Fullerton Joint Union School District
1051 West Bastanchury Road
Fullerton, California, 92833-2247

Phone: 714-870-2810
E-mail: ruhernandez@fjuhsd.org

FINANCIAL SECTION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities
ASSETS	
Cash in County Treasury	\$ 163,956,280
Cash and Cash Equivalents	2,953,280
Accounts Receivable	9,018,981
Stores	119,167
Land	3,485,921
Construction in Progress	20,811,550
Capital Assets Being Depreciated and Amortized, Net	280,710,462
Total Assets	<u>481,055,641</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Loss on Refunding	860,031
Deferred Outflows - Other Postemployment Benefits Other Than Pensions (OPEB)	10,581,054
Deferred Outflows - Pensions	41,666,282
Total Deferred Outflows of Resources	<u>53,107,367</u>
LIABILITIES	
Accounts Payable and Other Current Liabilities	14,509,621
Accrued Interest	3,142,613
Unearned Revenue	2,707,095
Claims Liability (IBNR)	3,450,819
Long-Term Liabilities:	
Due Within One Year Other Than OPEB and Pensions	7,714,340
Due Within One Year - OPEB	2,068,548
Due in More Than One Year Other Than OPEB and Pensions	204,244,989
Due in More Than One Year - OPEB	61,684,632
Net Pension Liability	140,562,386
Total Liabilities	<u>440,085,043</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Gain on Refunding	865,163
Deferred Inflows - OPEB	15,500,975
Deferred Inflows - Pensions	16,058,527
Total Deferred Inflows of Resources	<u>32,424,665</u>
NET POSITION	
Net Investment in Capital Assets	124,359,060
Restricted for:	
Capital Projects	4,721,008
Debt Service	5,966,529
Educational Programs	27,873,879
Self-Insurance Programs	7,446,467
Food Service Programs	5,174,161
Student Activity Programs	2,551,658
Unrestricted	<u>(116,439,462)</u>
Total Net Position	<u><u>\$ 61,653,300</u></u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 106,590,768	\$ 4,083	\$ 32,399,443	\$ (74,187,242)
Instruction - Related Services	22,777,435	241	2,302,701	(20,474,493)
Pupil Services	22,371,144	10,977	13,560,842	(8,799,325)
Ancillary Services	7,680,036	-	7,659,887	(20,149)
Enterprise Activities	386,389	-	-	(386,389)
General Administration	12,679,385	1,095	2,291,577	(10,386,713)
Plant Services	19,665,292	104	542,462	(19,122,726)
Other Outgo	7,896,682	157,398	3,177,046	(4,562,238)
Debt Service - Interest	6,064,098	-	-	(6,064,098)
Depreciation (Unallocated)	13,180,177	-	-	(13,180,177)
Amortization (Unallocated)	302,792	-	-	(302,792)
Total Governmental Activities	<u>\$ 219,594,198</u>	<u>\$ 173,898</u>	<u>\$ 61,933,958</u>	(157,486,342)
GENERAL REVENUES				
Property Taxes Levied for:				
General Purposes				93,694,728
Debt Service				11,984,670
Federal and State Aid Not Restricted to				
Specific Purposes				81,365,105
Interest and Investment Earnings				1,239,977
Developer Fees				3,486,228
Miscellaneous				3,799,024
Transfer from Custodial Fund				20,000
Total General Revenues				<u>195,589,732</u>
CHANGES IN NET POSITION				38,103,390
Net Position - Beginning of Year				<u>23,549,910</u>
NET POSITION - END OF YEAR				<u>\$ 61,653,300</u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash in County Treasury	\$ 102,530,351	\$ 28,914,908	\$ 22,970,976	\$ 154,416,235
Cash in Banks	25,000	-	2,550,178	2,575,178
Cash in Revolving Fund	75,000	-	10,112	85,112
Cash with Fiscal Agent	92,990	-	-	92,990
Accounts Receivable	8,063,219	92,282	831,661	8,987,162
Due from Other Funds	146,735	1,510,013	1,568,389	3,225,137
Stores	79,703	-	39,464	119,167
Total Assets	<u>\$ 111,012,998</u>	<u>\$ 30,517,203</u>	<u>\$ 27,970,780</u>	<u>\$ 169,500,981</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 11,878,325	\$ 1,036,914	\$ 1,495,468	\$ 14,410,707
Due to Other Funds	4,302,738	9,555	137,180	4,449,473
Unearned Revenue	2,636,820	-	70,275	2,707,095
Total Liabilities	<u>18,817,883</u>	<u>1,046,469</u>	<u>1,702,923</u>	<u>21,567,275</u>
FUND BALANCES				
Nonspendable	154,703	-	49,576	204,279
Restricted	27,873,879	29,470,734	21,506,393	78,851,006
Committed	29,853,545	-	4,711,888	34,565,433
Assigned	12,497,494	-	-	12,497,494
Unassigned	21,815,494	-	-	21,815,494
Total Fund Balances	<u>92,195,115</u>	<u>29,470,734</u>	<u>26,267,857</u>	<u>147,933,706</u>
Total Liabilities and Fund Balances	<u>\$ 111,012,998</u>	<u>\$ 30,517,203</u>	<u>\$ 27,970,780</u>	<u>\$ 169,500,981</u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds \$ 147,933,706

Amounts reported for governmental funds are different than the statement of net position because:

Capital assets used in governmental activities are not financial resource and, therefore, are not reported as assets in governmental funds.

These assets consist of:

Land	\$ 3,485,921	
Construction in Progress	20,811,550	
Capital Assets Being Depreciated and Amortized, Net	280,710,462	305,007,933

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds.

Long-term liabilities at year-end consist of:

Lease Liability	(227,547)	
Certificates of Participation (COP)	(16,703,397)	
General Obligation Bonds	(193,183,531)	
Compensated Absences	(1,844,854)	
Total/Net OPEB Liability	(63,753,180)	
Net Pension Liability	(140,562,386)	(416,274,895)

In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year-end consist of:

Deferred Outflows - Loss on Refunding	860,031	
Deferred Outflows - OPEB	10,581,054	
Deferred Outflows - Pensions	41,666,282	
Deferred Inflows - Gain on Refunding	(865,163)	
Deferred Inflows - OPEB	(15,500,975)	
Deferred Inflows - Pensions	(16,058,527)	20,682,702

An internal service funds is used by the District to manage its self insurance programs. The assets and liabilities should be included with governmental activities. The fund consists of:

Assets	10,996,200	
Less: Liabilities	(3,549,733)	7,446,467

Interest expense payable related to general obligation bonds and COP was incurred but is not accrued in governmental funds as of June 30

(3,142,613)

Total Net Position - Governmental Activities

\$ 61,653,300

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Local Control Funding Formula (LCFF):				
State Apportionments	\$ 76,082,688	\$ -	\$ -	\$ 76,082,688
Local Sources	90,557,741	-	-	90,557,741
Total LCFF Sources	166,640,429	-	-	166,640,429
Federal Sources	13,013,190	-	2,842,503	15,855,693
Other State Sources	34,535,756	-	3,450,394	37,986,150
Other Local Sources	16,262,429	3,649,819	20,810,149	40,722,397
Total Revenues	230,451,804	3,649,819	27,103,046	261,204,669
EXPENDITURES				
Instruction	113,792,159	-	-	113,792,159
Instruction - Related Services	23,928,790	-	-	23,928,790
Pupil Services	19,569,772	-	3,834,542	23,404,314
Ancillary Services	3,080,271	-	4,684,335	7,764,606
Enterprise Activities	386,389	-	-	386,389
General Administration	12,800,304	-	162,866	12,963,170
Plant Services	29,535,741	7,737,564	527,652	37,800,957
Other Outgo	5,587,534	-	2,309,148	7,896,682
Debt Service	153,880	1,516,021	11,868,121	13,538,022
Total Expenditures	208,834,840	9,253,585	23,386,664	241,475,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,616,964	(5,603,766)	3,716,382	19,729,580
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	-	-	670,000	670,000
Interfund Transfers Out	(650,000)	-	-	(650,000)
Total Other Financing Sources (Uses)	(650,000)	-	670,000	20,000
NET CHANGES IN FUND BALANCE	20,966,964	(5,603,766)	4,386,382	19,749,580
Fund Balances - Beginning of Year	71,228,151	35,074,500	21,881,475	128,184,126
FUND BALANCES - END OF YEAR	<u>\$ 92,195,115</u>	<u>\$ 29,470,734</u>	<u>\$ 26,267,857</u>	<u>\$ 147,933,706</u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Total Governmental Funds	\$ 19,749,580
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital Asset Additions	\$ 17,917,503	
Depreciation and Amortization Expense	<u>(13,482,969)</u>	4,434,534

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Lease Liability Principal Payments	138,451	
Certificates of Participation (COP) Principal Payments	780,000	
General Obligation (GO) Bond Principal Payments	<u>4,790,000</u>	5,708,451

In governmental funds, OPEB costs are recognized when the health and welfare payments are made, but in the statement of activities, OPEB costs are recognized on the accrual basis. The difference between accrual basis OPEB costs and actual health and welfare payments:	(2,836,689)
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In governmental funds, pension costs are recognized when the employer contributions are made, but in the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual basis pension costs and actual employer contributions was:	8,525,424
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Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Amortization of Deferred Gain/Loss on Refunding Bonds	149,652	
Decrease in Accrued Interest	103,894	
Amortization of COP and GO Bond Premiums	1,511,927	
Increase in Compensated Absences	<u>(142,657)</u>	1,622,816

Internal service funds are used by the District to manage self insurance programs. Net income is reported with governmental activities.	<u>899,274</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 38,103,390</u></u>
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**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

	Governmental Activities Self-Insurance Fund
ASSETS	
Cash in County Treasury	\$ 9,540,045
Cash in Banks	200,000
Accounts Receivable	31,819
Due from Other Funds	1,224,336
Total Assets	<u>10,996,200</u>
LIABILITIES	
Accounts Payable	98,914
Claims Liability and Estimated Liability for Open Claims Incurred but Not Recorded (IBNR)	<u>3,450,819</u>
Total Liabilities	<u>3,549,733</u>
NET POSITION	
Restricted for Self-Insurance Programs	<u>7,446,467</u>
Total Net Position	<u><u>\$ 7,446,467</u></u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities Self-Insurance Fund
OPERATING REVENUES	
Self-Insurance Premiums	\$ 23,560,932
Other Miscellaneous Revenues	1,739
Total Operating Revenues	<u>23,562,671</u>
OPERATING EXPENSES	
Employee Benefits	94,295
Services and Other Operating Expenses	22,684,178
Total Operating Expenses	<u>22,778,473</u>
OPERATING INCOME	784,198
NONOPERATING REVENUES	
Interest Income	115,076
Total Nonoperating Revenues	<u>115,076</u>
NET INCOME	899,274
Net Position - Beginning of Year	<u>6,547,193</u>
NET POSITION - END OF YEAR	<u><u>\$ 7,446,467</u></u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023**

	Governmental Activities Self-Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Premiums and Other Revenues	\$ 23,602,892
Cash Paid to/on Behalf of Employees	(94,295)
Cash Paid to Vendors for Services and Other Operating Expenses	(23,704,841)
Net Cash Used by Operating Activities	<u>(196,244)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income	89,449
Net Cash Provided by Investing Activities	<u>89,449</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(106,795)
Cash - Beginning of Year	<u>9,846,840</u>
CASH - END OF YEAR	<u><u>\$ 9,740,045</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income	\$ 784,198
Changes in Operating Assets and Liabilities:	
Due from Other Funds	40,221
Accounts Payable	(38,275)
Claims Liability and IBNR	(982,388)
Net Cash Used by Operating Activities	<u><u>\$ (196,244)</u></u>
Cash and cash equivalents balances at June 30, 2023 consisted of the following:	
Cash in County Treasury	\$ 9,540,045
Cash in Banks	200,000
Total Cash and Cash Equivalents	<u><u>\$ 9,740,045</u></u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
JUNE 30, 2023**

	Debt Service Custodial Fund for Special Tax Bonds
ASSETS	
Cash in County Treasury	\$ 348,891
Cash with Fiscal Agent	127,825
Accounts Receivable	1,081
Total Assets	<u>477,797</u>
NET POSITION	
Restricted for Debt Service	<u>477,797</u>
Total Net Position	<u><u>\$ 477,797</u></u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
YEAR ENDED JUNE 30, 2023**

	Debt Service Custodial Fund for Special Tax Bonds
ADDITIONS	
Property Taxes Levied for Debt Service	\$ 167,374
Interest Income	4,048
Total Additions	<u>171,422</u>
DEDUCTIONS	
Debt Service - Principal	65,000
Debt Service - Interest	55,802
Transfer to Governmental Funds for Administrative Costs	20,000
Total Deductions	<u>140,802</u>
CHANGE IN NET POSITION	30,620
Net Position - Beginning of Year	<u>447,177</u>
NET POSITION - END OF YEAR	<u><u>\$ 477,797</u></u>

See accompanying Notes to Financial Statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*, updated to conform to the most current financial and reporting requirements promulgated by the California Department of Education. The accounting policies of the District conform to generally accepted accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The significant accounting policies applicable to the District are described below.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with GAAP as prescribed by GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective enhances the fund-group perspective previously required. Fiduciary activities are excluded from the basic financial statements and are reported separately in the fiduciary fund statements.

The District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities displays information about the District as a whole. These statements include the financial activities of the primary government, including governmental activities of proprietary funds. Fiduciary funds are excluded.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Depreciation, amortization and interest expense have not been allocated to specific functions.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary and proprietary funds are reported by type.

The fund financial statement expenditures are presented in a function-oriented format. The following is a brief description of the functions:

Instruction

Includes the activities directly dealing with the interaction between teachers and students.

Instruction-Related Services

Includes supervision of instruction, instructional library, media and technology, and school site administration.

Pupil Services

Includes home to school transportation, food services, and other pupil services.

Enterprise Activities

Includes activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs are financed or recovered primarily through user charges. This function is used with the self-insurance fund.

General Administration

Includes data processing services and all other general administration services.

Plant Services

Includes activities of maintaining the physical plant. This also includes facilities acquisition and construction expenditures.

Other Outgo

Includes transfers to other agencies.

Debt Service

Includes principal and interest payments for long term debt.

The proprietary and fiduciary fund expenses are presented by natural classification.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations, and equities.

The statement of revenues, expenditures, and changes in fund balance are statements of financial activities of the particular fund related to the current reporting period. Expenditures of the various funds frequently include amounts for land, buildings, equipment, retirement of indebtedness, transfers to other funds, etc. Consequently, these statements do not purport to present the result of operations or the net income or loss for the period as would a statement of income for a profit-type organization. The modified accrual basis of accounting is used for all governmental funds.

Governmental Funds – Major

General Fund: used to account for all financial resources except those accounted for in another fund. The Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay, and the Special Reserve Fund for Postemployment Benefits have been consolidated with the General Fund. These funds no longer meet the special revenue fund definition as they are no longer primarily composed of restricted or committed revenue sources.

Building Fund: used to account for the issuance of general obligation bonds and certificates of participation and the construction, renovation and repair of classrooms and District facilities. Debt service associated with the issuance of certificates of participation is also recorded in the building fund.

Governmental Funds – Nonmajor

Special Revenue Funds: used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Student Activity Special Revenue Fund: used to account for raising and expending money to promote the general welfare, morale, and educational experiences of the student body. The amounts reported represent the combined totals of all schools within the District that operate Associated Student Body Funds.

Cafeteria Fund: used to account for revenues received and expenditures made to operate the District's cafeterias.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds – Nonmajor (Continued)

Capital Projects Funds: used to account for the financial resources that are restricted or committed for the acquisition and/or construction of major governmental fixed assets.

Capital Facilities Fund: used to account for resources received from residential and commercial developer impact fees.

County School Facilities Fund: used to account for the School Facility Program grant award for modernization and new construction of various school sites.

Special Reserve for Capital Outlay Projects: used to account for funds set aside for the maintenance of the Plummer Auditorium Pipe Organ.

Capital Projects Fund for Blended Component Units: used to account for capital projects financed by Mello–Roos Community Facilities Districts and similar entities that are considered blended component units of the District under accounting principles generally accepted in the United States of America.

Debt Service Funds: used to account for the financial resources that are restricted and the accumulation of resources for, the payment of general long-term debt principal, interest, and related costs.

Bond Interest and Redemption Fund: used to account for the payment of principal and interest on general obligation bonds.

Proprietary Funds

Internal Service Fund: used to account for services rendered on a cost-reimbursement basis within the District. The District operates a self–insured dental program and a self–insured workers’ compensation program that is accounted for in the internal service fund.

Fiduciary Funds

Debt Service Fund for Special Tax Bonds: used to account for the accumulation of resources for the payment of the principal and interest on the special tax bonds issued by the 2005–1 CFD.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. Revenues in governmental fund financial statements are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of state apportionment, interest and reimbursement grants which are considered available as collectible within one year.

Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the county treasury is recorded at cost, which approximates fair value.

Receivables

Receivables are generally recorded when the amount is earned and can be estimated. All material receivables are considered fully collectible. Per Education Code Section 33128.1, a local education agency may recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Stores

Stores consists of expendable supplies held for consumption. Stores stated at cost, on the weighted average basis.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Generally, capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined by GASB. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Buildings and Improvements	15 to 50 Years
Equipment	5 to 20 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net asset or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net asset or fund balance that applies to a future period. These amounts are reported in the government-wide statement of net position.

Deferred Outflows/Inflows – Loss/Gain on Refunding

The deferred outflows/inflows of resources related to the loss/gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

Deferred Outflows/Inflows – OPEB

The deferred outflows/inflows of resources related to OPEB benefits resulted from the effects of actuarially determined changes to the OPEB plan. Deferred outflows – OPEB will be deferred and amortized as detailed in Note 13 to the financial statements.

Deferred Outflows/Inflows – Pensions

The deferred outflows/inflows of resources related to pensions results from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the respective pension and from the effects of actuarially determined changes to the respective pension plan. Deferred outflow – pensions will be amortized as detailed in Note 14 to the financial statements.

Unearned Revenue

Cash received for federal, and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash is received for fees not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave, therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken. However, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Long-Term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide financial statements. Premiums and discounts on issued debt are deferred and amortized over the life of the obligation using the interest method. Debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other Than Pensions (OPEB)

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

Net Pension Liability

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

Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on use through external restrictions imposed by donors, grantors, laws, or regulations of other governments or by enabling legislation adopted by the District.

Fund Balance Classification

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification (Continued)

Restricted: Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Trustees. These amounts cannot be used for any other purpose unless the District Board of Trustees removes or changes the specified use by taking the same formal action (vote or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Trustees, through a formal action has given authority to assign amounts for a specific purpose that is neither restricted nor committed.

Unassigned: The residual fund balance for the General Fund and all other spendable amounts.

Spending Order Policy

The District considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted net position or fund balance is available.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District's policy considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment functions.

Minimum Fund Balance Policy

The District has adopted a minimum fund balance policy in order to protect against revenue shortfalls and unexpected one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts which represent the minimum recommended reserve consistent with the criteria and standards for fiscal solvency adopted by the state Board of Education. The minimum recommended reserve for a district this size is 3% of budgeted General Fund expenditures and other financing uses.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year. Second period to annual corrections for local control funding formula and other state apportionments (either positive or negative) are accrued at the end of the fiscal year.

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. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the county auditor records and reports actual property tax receipts to the California Department of Education. This is generally on a cash basis. A receivable has not been recognized in the General Fund for property taxes due to the fact that any receivable is offset by a payable to the state in calculating the local control funding formula apportionment. Property taxes for debt service purposes cannot be estimated and have, therefore, not been accrued in the government-wide financial statements.

On-Behalf Payments

Accounting principles generally accepted in the United States of America requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another, legally separate entity be recognized as revenue and expenditures by the employer government. The state of California makes direct on-behalf payments for retirement benefits to the State Teachers' Retirement System on behalf of all school districts in California.

Classification of Revenues – Proprietary Funds

Proprietary funds distinguish operating revenues from nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as food service sales, federal and most state and local grants and contracts, and self-insurance premiums. Nonoperating revenues include activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenues by GASB.

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.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of GASB. The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present, and that the dependent unit should be reported as part of the other. The following potential component unit has been included in the District's reporting entity:

Fullerton Joint Union High School District Education Foundation (the Foundation):

The Foundation is a separate not-for-profit corporation. Certificates of participation issued by the Foundation are included as long-term obligations in the statement of net position. Individually prepared financial statements are not prepared for the Foundation.

Fullerton Joint Union High School District Community Facilities District (the CFD):

The CFD's financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units, included in the governmental funds of the District. The accumulation of resources for the payment of principal and interest on the special tax bonds issued by the CFD are included in the statement of fiduciary net position. Special Tax Bonds issued by the CFD are not included as long-term obligations in the statement of net position, as they are not obligations of the District; see Note 12 (nonobligatory debt). Individually prepared financial statements are not prepared for the CFD.

Adoption of New Accounting Standard

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The District adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the District reporting a SBITA asset.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 BUDGETS

By state law, the District's Governing Board must approve a budget no later than July 1, using the Single Adoption Budget process. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with accounting principles generally accepted in the United States of America.

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. The original and final revised budget for the General Fund is presented in a budgetary comparison schedule in the required supplementary section.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

NOTE 3 CASH AND CASH EQUIVALENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Education Code 41002.5. As of June 30, 2023, \$3,017,097 of the District's bank balance of \$3,394,969 was exposed to credit risk as it was uninsured and collateral was held by the pledging bank's trust department, not in the District's name.

Cash in County

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Orange County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are carried at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2023 is measured at 99.7% of amortized cost. The District's deposits in the fund are considered to be highly liquid.

The county is authorized to deposit cash and invest excess funds by California Government Code Sections 53534, 53601, 53635, and 53648. The county is restricted to invest 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 funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

Cash in County (Continued)

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the County Treasurer follows. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the County of Orange Auditor-Controller's Office, Hall of Finance and Records, 12 Civic Center Plaza, Room 200, Santa Ana, California, 92702.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30, 2023:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Federal and State	\$ 7,371,562	\$ -	\$ 745,926	\$ 8,117,488
Miscellaneous	691,657	92,282	85,735	869,674
Total Accounts Receivable	<u>\$ 8,063,219</u>	<u>\$ 92,282</u>	<u>\$ 831,661</u>	<u>\$ 8,987,162</u>

	Self-Insurance Fund	Custodial Fund	Total Governmental Activities
Federal and State	\$ -	\$ -	\$ 8,117,488
Miscellaneous	31,819	1,081	901,493
Total Accounts Receivable	<u>\$ 31,819</u>	<u>\$ 1,081</u>	<u>\$ 9,018,981</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 INTERFUND TRANSACTIONS

Interfund activity has been eliminated in the government-wide statements. The following balances and transactions are reported in the fund financial statements.

Interfund Receivables/Payables

Individual interfund receivable and payable balances are temporary loans and are detailed as follows at June 30:

	Interfund Receivables	Interfund Payables
Major Fund:		
General Fund	\$ 146,735	\$ 4,302,738
Building Fund	1,510,013	9,555
Nonmajor Governmental Funds:		
Cafeteria Fund	-	137,180
County Schools Facilities Fund	918,389	-
Special Reserve for Capital Outlay Projects	650,000	-
Proprietary Funds:		
Internal Service	1,224,336	-
Total	<u>\$ 4,449,473</u>	<u>\$ 4,449,473</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Intra-fund activity has been eliminated.

Interfund transfers for the 2022-23 fiscal year are as follows:

Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects to cover construction costs.	\$ 650,000
Transfer from the Debt Service Custodial Fund for Special Tax Bonds to the Capital Projects Fund for Blended Component Units to Cover Admin Costs	20,000
Total	<u>\$ 670,000</u>

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 FUND BALANCES

The following amounts were nonspendable, restricted, committed, assigned, or unassigned as shown below:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Cash in Revolving Fund	\$ 75,000	\$ -	\$ 10,112	\$ 85,112
Stores	79,703	-	39,464	119,167
Total Nonspendable	154,703	-	49,576	204,279
Restricted:				
Legally Restricted Programs	27,873,879	-	-	27,873,879
Child Nutrition Program	-	-	5,124,660	5,124,660
Debt Service	-	-	9,109,142	9,109,142
Capital Projects	-	29,470,734	4,722,413	34,193,147
Student Activity Funds	-	-	2,550,178	2,550,178
Total Restricted	27,873,879	29,470,734	21,506,393	78,851,006
Committed:				
Future Board Purposes	29,853,545	-	-	29,853,545
Capital Projects	-	-	4,711,888	4,711,888
Total Committed	29,853,545	-	4,711,888	34,565,433
Assigned:				
Deferred Maintenance	3,211,716	-	-	3,211,716
Postemployment Benefits	8,695,081	-	-	8,695,081
Other Assignments	590,697	-	-	590,697
Total Assigned	12,497,494	-	-	12,497,494
Unassigned:				
Economic Uncertainties	6,360,000	-	-	6,360,000
Unassigned	15,455,494	-	-	15,455,494
Total Unassigned	21,815,494	-	-	21,815,494
Total Fund Balance	\$ 92,195,115	\$ 29,470,734	\$ 26,267,857	\$ 147,933,706

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 CAPITAL ASSETS

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

	Balance July 1, 2022 (1)	Additions	Deletions	Balance June 30, 2023
Capital Assets Not Being Depreciated:				
Land	\$ 3,485,921	\$ -	\$ -	\$ 3,485,921
Construction in Progress	42,041,568	15,652,865	36,882,883	20,811,550
Total Capital Assets, Not Being Depreciated	45,527,489	15,652,865	36,882,883	24,297,471
Capital Assets Being Depreciated:				
Buildings and Improvements	353,700,191	36,882,883	-	390,583,074
Equipment	29,576,826	1,898,410	-	31,475,236
Total Capital Assets, Being Depreciated	383,277,017	38,781,293	-	422,058,310
Less: Accumulated Depreciation:				
Buildings and Improvements	(110,081,096)	(11,634,168)	-	(121,715,264)
Equipment	(18,510,303)	(1,546,009)	-	(20,056,312)
Total Accumulated Depreciation	(128,591,399)	(13,180,177)	-	(141,771,576)
Total Capital Assets, Being Depreciated, Net	254,685,618	25,601,116	-	280,286,734
Right-to-Use Lease Assets:				
Equipment	499,113	-	-	499,113
Total Right-to-Use Lease Assets	499,113	-	-	499,113
Less: Accumulated Amortization:				
Equipment	(138,821)	(139,836)	-	(278,657)
Total Accumulated Amortization	(138,821)	(139,836)	-	(278,657)
Total Right-to-Use Lease Assets, Net	360,292	(139,836)	-	220,456
Subscription Based Information Technology Arrangement (SBITA) Assets:				
SBITA	61,320	304,908	-	366,228
Less: Accumulated Amortization:				
SBITA	-	(162,956)	-	(162,956)
Total Accumulated Amortization	-	(162,956)	-	(162,956)
Total SBITA Assets, Net	61,320	141,952	-	203,272
Total Capital Assets, Net	\$ 300,634,719	\$ 41,256,097	\$ 36,882,883	\$ 305,007,933

(1) - Amounts have been adjusted due to the implementation of GASB Statement No. 96. See Note 1.

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 LONG-TERM LIABILITIES – SCHEDULE OF CHANGES

A schedule of changes in long-term liabilities for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due in One Year
Lease Payable	\$ 365,998	\$ -	\$ 138,451	\$ 227,547	\$ 134,486
Certificates of Participation (COPS)	16,535,000	-	780,000	15,755,000	815,000
Unamortized COP Premium	1,076,897	-	128,500	948,397	-
Total COP	17,611,897	-	908,500	16,703,397	815,000
General Obligation (GO) Bonds	187,410,000	-	4,790,000	182,620,000	4,920,000
Unamortized Bond Premium	11,946,958	-	1,383,427	10,563,531	-
Total GO Bonds	199,356,958	-	6,173,427	193,183,531	4,920,000
Compensated Absences	1,702,197	1,844,854	1,702,197	1,844,854	1,844,854
Total	\$ 219,037,050	\$ 1,844,854	\$ 8,922,575	\$ 211,959,329	\$ 7,714,340

Lease payable is liquidated by the General Fund. COPS are liquidated by the Capital Facilities Fund. Liabilities for all GO bonds are liquidated through property tax collections as administered by the county office through the Bond Interest and Redemption Fund. Compensated absences are liquidated by the fund recording the associated salary expenses.

NOTE 9 LEASE PAYABLE

The District leases various office equipment under long-term, noncancelable lease agreements. The leases expire in October 2025 and were calculated at 3.24% based on the District's incremental cost of borrowing.

Principal and interest requirements to maturity under the lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 134,486	\$ 4,906
2025	92,506	1,167
2026	555	2
Total	\$ 227,547	\$ 6,075

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 CERTIFICATES OF PARTICIPATION

On September 1, 2015, the Foundation issued \$20,525,000 of Certificates of Participation (the 2015 Certificates). The proceeds of the 2015 Certificates were used to advance refund outstanding Certificates of Participation associated with the issuance of debt in March 15, 2007 (the 2007 Certificates). The proceeds of the 2015 Certificates, including a premium of \$2,945,748 and net of issuance and other costs, were deposited to an escrow fund. The principal balance of the 2007 Certificates of \$22,255,000 and interest was redeemed in full on September 1, 2017 by the refunding escrow agent.

The premium received on the 2015 Certificates is included in the net carrying balance of the debt and is amortized to interest expense over the life of the debt. The difference between the reacquisition price and the net carrying amount of the 2007 Certificates is deferred and amortized to interest expense over the life of the new debt. The payment to the refunding escrow agent exceeded the existing carrying value of the refunded debt by \$1,855,139. Amortization of \$128,500 was recognized during the year.

Payments are required to be deposited into a fund maintained by the trustee. Interest is payable on March 1 and September 1 of each year commencing March 1, 2016; principal payments are payable on September 1 of each year commencing September 1, 2016 with final maturity on September 1, 2036. Interest rates range from 3.00% to 5.00%. Payments to the trustee will be made by the District from redevelopment funds.

The debt service requirements for the certificates are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 815,000	\$ 696,150
2025	860,000	654,275
2026	905,000	610,150
2027	950,000	563,775
2028	1,000,000	515,025
2029-2033	5,730,000	1,835,788
2034-2037	5,495,000	557,075
Total	<u>\$ 15,755,000</u>	<u>\$ 5,432,238</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 GENERAL OBLIGATION BONDS

Measure AA

On March 5, 2002, the voters approved the issuance of bonds, not to exceed \$67,940,000, to repair/upgrade and improve all District comprehensive schools acquire/construct additional classrooms, science/computer labs, restrooms, libraries, and school facilities to alleviate overcrowding and accommodate enrollment growth, address building safety/health issues. On September 4, 2002 and March 23, 2005, the District offered for sale Series A bonds of \$37,997,910 of Series A bonds and \$29,940,000 of Series B bonds.

2013 General Obligation Refunding Bonds

On May 14, 2013, the District offered for sale \$21,700,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2002 General Obligation Bonds, Series B. A premium received of \$3,986,816 is included in the net carrying balance of the debt.

2020 General Obligation Refunding Bonds

On June 10, 2020, the District offered for sale \$15,295,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2010 General Obligation Refunding Bonds. A premium received of \$2,832,102 is included in the net carrying balance of the debt. The net carrying amount of the old debt exceeded the reacquisition price by \$1,382,888 and is included in the net carrying balance of the deferred inflow of resources.

2021 General Obligation Refunding Bonds

On May 5, 2021, the District offered for sale \$16,450,000 General Obligation Refunding Bonds. The bonds were issued to advance refund a portion of the District's 2013 General Obligation Refunding Bonds. A premium received of \$881,675 is included in the net carrying balance of the debt. The net carrying amount of the old debt exceeded the reacquisition price by \$188,502 and is included in the net carrying balance of the deferred inflow of resources. The proceeds associated with this refunding were deposited in an escrow account to be redeemed on August 1, 2023 and as such the applicable bonds are considered in-substance defeased. The outstanding balance of the defeased debt was roughly \$15.6 million as of June 30, 2023.

Measure I

On November 4, 2014, the voters approved the issuance of bonds, not to exceed \$175,000,000, to upgrade classrooms, science labs, sites, facilities; repair roofs, floors, plumbing, heating, ventilation, and electrical systems; improve student safety and security; upgrade career training facilities and technology infrastructure.

Series A

On October 28, 2015 the District issued \$42,500,000 of 2014 General Obligation Bonds, Series A. A premium received of \$2,557,423 is included in the net carrying balance of the debt.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)

Measure I (Continued)

Series B

On April 26, 2017 the District issued \$40,000,000 of 2014 General Obligation Bonds, Series B. A premium received of \$2,198,565 is included in the net carrying balance of the debt.

Series C

On April 25, 2018 the District issued \$48,000,000 of 2018 General Obligation Bonds, Series C. A premium received of \$3,504,461 is included in the net carrying balance of the debt.

Series D

On February 27, 2019 the District issued \$21,000,000 of 2019 General Obligation Bonds, Series D. A premium received of \$2,335,981 is included in the net carrying balance of the debt.

Series E

On June 10, 2020 the District issued \$23,500,000 of 2019 General Obligation Bonds, Series E. A premium received of \$1,708,494 is included in the net carrying balance of the debt.

The outstanding general obligation bonded debt of the District at June 30 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2023
Measure AA:					
2013 Refunding	5/14/2013	8/1/2029	2.0-5.0	\$ 21,700,000	\$ 1,055,000
2020 Refunding	6/10/2020	8/1/2027	5.0	15,295,000	11,310,000
2021 Refunding	5/5/2021	8/1/2029	1.7-4.0	16,450,000	16,030,000
Total Measure AA				53,445,000	28,395,000
Measure I:					
Series A	10/28/2015	8/1/2040	2.5-5.0	42,500,000	32,675,000
Series B	4/26/2017	8/1/2041	3.3-5.0	40,000,000	32,060,000
Series C	4/25/2018	8/1/2042	3.4-5.0	48,000,000	45,750,000
Series D	2/27/2019	8/1/2042	3.5-5.5	21,000,000	20,600,000
Series E	6/10/2020	8/1/2043	2.0-5.0	23,500,000	23,140,000
Total Measure I				175,000,000	154,225,000
Total				\$ 228,445,000	\$ 182,620,000

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 GENERAL OBLIGATION BONDS (CONTINUED)

The debt service requirements for the general obligation bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,920,000	\$ 6,846,646
2025	5,570,000	6,594,147
2026	6,460,000	6,309,471
2027	6,790,000	5,992,371
2028	7,540,000	5,649,096
2029-2033	35,315,000	24,185,591
2034-2038	42,850,000	17,086,318
2039-2043	65,175,000	7,228,748
2044	8,000,000	120,000
Total	<u>\$ 182,620,000</u>	<u>\$ 80,012,389</u>

NOTE 12 NONOBLIGATORY DEBT

Nonobligatory debt relates to debt issuances by the Community Facility District, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of the \$1.09 million as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS

The District administers a single employer defined benefit, postemployment medical benefit plan for qualified employees. In addition, some qualified certificated employees are participant in the Medicare Premium Payment (MPP) Program, a cost-sharing defined benefit program administered through the California State Teachers' Retirement System (CalSTRS).

As of June 30, 2023, the District's total liability for postemployment healthcare benefits consisted of the following:

	Total/Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense / (Benefit)
Retiree Benefits Plan	\$ 63,008,711	\$ 10,581,054	\$ 15,500,975	\$ 5,090,825
MPP Program	744,469	-	-	(185,588)
Total	<u>\$ 63,753,180</u>	<u>\$ 10,581,054</u>	<u>\$ 15,500,975</u>	<u>\$ 4,905,237</u>

The details of the plans are as follows:

Retiree Benefits Plan

Plan Description and Eligibility

The plan provides health, dental and vision insurance benefits to eligible retirees and their spouses. Membership of the plan consists of 56 retirees and beneficiaries currently receiving benefits, and 1,107 active plan members. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each bargaining period. The plan does not issue a separate financial report.

Funding Policy

The District currently finances benefits on a pay-as-you-go basis. As of June 30, 2023, the District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The District contributes 100% of the cost equivalent to the premium of HMO single coverage. For the year ended June 30, 2023, the District contributed \$2,068,548 to the plan. Contributions include an implicit rate subsidy of \$974,211.

Total OPEB Liability

At June 30, 2023 the total OPEB liability was \$63,008,711.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Retiree Benefits Plan (Continued)

Actuarial Methods and Assumptions

The total OPEB liability was determined based on an actuarial valuation as of July 1, 2022. The following actuarial assumptions used in the July 1, 2022 valuation, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Actuarial Costs Method	Entry Age Normal
Salary Increases	2.75%
Healthcare Costs Trend Rate	7.00%

Mortality assumptions are based on the 2020 CalSTRS mortality experience study for certificated employee types and the 2021 CalPERS mortality experience study for the classified employee types.

Actuarial assumptions used in the July 1, 2022 valuation were based on a review of plan experience turnover tables 2020 CalSTRS retirement rates for certificated employee types and 2021 CalPERS retirement rates for classified employee types.

Discount Rate

The discount rate used to measure the OPEB liability was 4.13%. The projection of cash flows used to determine the discount rate was based on the 20-year municipal bond yield, specifically the S&P Municipal Bond 20 Year High Grade Rate Index. There are no plan assets.

Changes in the Total OPEB Liability

Changes for the Year:	
Service Cost	\$ 2,942,942
Interest Cost	2,465,266
Changes in Assumptions	1,312,628
Benefit Payments	(2,068,548)
Net Change in Total OPEB Liability	<u>4,652,288</u>
 Total OPEB Liability - Beginning Balance	 <u>58,356,423</u>
 Total OPEB Liability - Ending Balance	 <u><u>\$ 63,008,711</u></u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Retiree Benefits Plan (Continued)

Sensitivity

The following present the District's OPEB liability calculated using the discount rate of 4.13% as well as what the OPEB 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:

Discount Rate	Total OPEB Liability
1% Decrease	\$ 68,063,049
Current Discount Rate	63,008,711
1% Increase	58,258,610

The following present the District's OPEB liability calculated using the healthcare cost trend rate of 7.0%, as well as what the OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Healthcare Trend Rate:	Total OPEB Liability
1% Decrease	\$ 56,325,081
Current Healthcare Trend Rate	63,008,711
1% Increase	70,756,703

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 8,756,918
Changes of Assumptions	10,581,054	6,744,057
Total	<u>\$ 10,581,054</u>	<u>\$ 15,500,975</u>

The deferred outflows and deferred inflows of resources are amortized over the average working lifetime of active and inactive participants which was calculated at 9.30 years. This amount will be amortized to offset pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (317,383)
2025	(317,383)
2026	(339,591)
2027	(427,937)
2028	(853,329)
Thereafter	(2,664,298)
Total	<u>\$ (4,919,921)</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP)

Plan Description and Eligibility

The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to California state statute. CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF). The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible California full-time and part-time public school teachers from pre-kindergarten through community college who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A.

The MPP Program is closed to new entrants as members who retire after July 1, 2012 are not eligible for coverage under the MPP Program. For the year ending June 30, 2023, 5,396 retirees participated in the MPP Program.

Funding Policy

The MPP Program is funded on a pay-as-you go basis from a portion of monthly employer contributions. In accordance with California Education Code, contributions that would otherwise be credited to the CalSTRS defined benefit pension program (STRP) each month are instead credited to the MPP Program to fund monthly program and administrative costs. These contributions are generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds remaining within the MPP Program as of June 30, 2023 were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program. Total aggregate employer contributions of all participating employers to the MPP Program for fiscal year 2022-23 were \$26.35 million. The District's contributions to the MPP Program for fiscal year 2022-23 were estimated at \$60 thousand.

Net OPEB Liability

As of June 30, 2023, the District reported a net OPEB liability for its proportionate share of the MPP total OPEB liability, fiduciary net position and net OPEB liability as follows:

	Balance June 30, 2023
Proportionate Share of OPEB Liability	
Total OPEB Liability	\$ 737,539
Plan Fiduciary Net Position	(6,930)
Net OPEB Liability	<u>\$ 744,469</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Net OPEB Liability (Continued)

As the MPP Program is funded on a pay-as-you-go basis from redirected contributions from the STRP, the District has elected to calculate their proportionate share based on the audited proportionate share schedules of the STRP. This schedule presents the projection of the District's long-term share of contributions to the STRP relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.226% which is a decrease of 0.007% from its proportion measured as of June 30, 2021.

Actuarial Methods and Assumptions

Total OPEB liability for the MPP Program was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total OPEB liability to June 30, 2022 using the assumptions listed in the following table:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	3.54%
Medicare Part A Premium Costs Trend Rate	4.50%
Medicare Part B Premium Costs Trend Rate	5.40%

In addition, assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14 percent of the potentially eligible population of 145,282.

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

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (for example, Medicare premiums) and assumptions about the probability of occurrence of events far into the future (for example, mortality, disabilities and retirees eligible for the program). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of benefit costs. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective and take into account the premiums and surcharges paid after termination of employment until the death of the employee. In many cases, actuarial calculations reflect several decades of payments after termination of employment.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 3.54 percent. The MPP Program is funded on a pay-as-you-go basis, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the total OPEB liability.

The following table presents the net OPEB liability using the current discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Discount Rate	Net OPEB Liability
1% Decrease	\$ 811,615
Current Discount Rate	744,469
1% Increase	686,330

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Medicare Premium Payment Program (MPP) (Continued)

Medicare Costs Trend Rate

The June 30, 2021, valuation uses the 2022 Medicare Part A and Part B premiums as the basis for future premium calculations. Future premiums are assumed to increase with a medical trend rate that varies by year. The Part A trend is approximately equivalent to assuming a fixed 4.50 percent increase each year. The Part B trend is approximately equivalent to assuming a fixed 5.40 percent increase each year.

The following table presents the net OPEB liability using the current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower and one percent higher than the current rate:

<u>Health Care Trend Rate</u>	<u>Net OPEB Liability</u>
1% Decrease	\$ 683,078
Current Healthcare Trend Rate	744,469
1% Increase	814,059

Amortization of Deferred Outflows and Deferred Inflows of Resources

As the MPP Program is a retiree only OPEB plan with no average remaining service life, other than differences between projected and actual investment earnings, deferred outflows and inflows of resources are recognized in OPEB expense in the current period. The net deferred outflows and inflows relating to differences between projected and actual earnings on plan investments are not material and have not been recognized in these financial statements.

MPP Program Net OPEB Liability

Detailed information about the MPP Program net OPEB liability is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may also be obtained from CalSTRS.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS

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

As of June 30, 2023, the District's net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the retirement plans are as follows:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS (STRP)	\$ 89,636,940	\$ 25,073,052	\$ 14,762,954	\$ 11,055,186
CalPERS (Schools Pool Plan)	50,925,446	16,593,230	1,295,573	6,681,723
Total	<u>\$ 140,562,386</u>	<u>\$ 41,666,282</u>	<u>\$ 16,058,527</u>	<u>\$ 17,736,909</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Benefits Provided (Continued)

The STRP provisions and benefits in effect at June 30, 2023 are summarized as follows:

<u>Provisions and Benefits</u>	<u>STRP Defined Benefit Program and Supplement Program</u>	
	<u>On or Before December 31, 2012</u>	<u>On or After January 1, 2013</u>
Hire Date	2% at 60	2% at 62
Benefit Formula	5 Years of Service	5 Years of Service
Benefit Vesting Schedule	Monthly for Life	Monthly for Life
Benefit Payments	60	62
Retirement Age		
Monthly Benefits as a Percentage of Eligible Compensation	2.0% - 2.4%	2.0% - 2.4%
Required Employee Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2023 are presented above and the total District contributions were \$15,342,985.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

	<u>Balance June 30, 2023</u>
District Proportionate Share of the Net Pension Liability	\$ 89,636,940
State's Proportionate Share of the Net Pension Liability Associated with the District	44,890,442
Total	<u><u>\$ 134,527,382</u></u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2022, the District's proportion was 0.129% which is a decrease of 0.004% from its proportion measured as of June 30, 2021.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$7,434,801 and revenue and corresponding expense of \$3,620,385 for contributions provided by the state representing total pension expense of \$11,055,186. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 15,342,985	\$ -
Differences Between Expected and Actual Experience	73,530	6,720,900
Changes of Assumptions	4,445,340	-
Changes in Proportion	5,211,197	3,658,634
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	4,383,420
Total	<u>\$ 25,073,052</u>	<u>\$ 14,762,954</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the STRP for the June 30, 2022 measurement date is seven years.

The remaining amount will be recognized to pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ (2,466,338)
2025	(2,478,892)
2026	(6,110,884)
2027	7,269,121
2028	(481,660)
2029	(764,234)
Total	<u>\$ (5,032,887)</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants and adopted by the CalSTRS Board in January 2020. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42 %	4.80 %
Real Estate	15	3.60
Private Equity	13	6.30
Fixed Income	12	1.30
Risk Mitigating Strategies	10	1.80
Inflation Sensitive	6	3.30
Cash/Liquidity	2	(0.40)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California State Teachers' Retirement System (CalSTRS) (Continued)

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% Decrease	\$ 152,236,770
Current Discount Rate	89,636,940
1% Increase	37,660,260

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate annual comprehensive financial report on the CalSTRS website. Copies of the CalSTRS annual comprehensive financial report may be obtained from CalSTRS.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023 are summarized as follows:

<u>Provisions and Benefits</u>	<u>Schools Pool Plan (CalPERS)</u>	
	On or Before December 31, 2012	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	55	62
Monthly Benefits as a Percentage of Eligible Compensation	1.1% - 2.5%	1.0% - 2.5%
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023 are as presented above and the total District contributions were \$5,931,775.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$50,925,446. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.1480% which is an increase of 0.0009% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$6,681,723. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 5,931,775	\$ -
Differences Between Expected and Actual Experience	230,153	1,267,090
Changes of Assumptions	3,767,175	-
Changes in Proportion	651,217	28,483
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	6,012,910	-
Total	<u>\$ 16,593,230</u>	<u>\$ 1,295,573</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net difference between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. All other deferred outflows of resources and deferred inflows of resources are amortized over the expected average remaining service life (EARS�) of the plan participants. The EARS� for the CalPERS Schools Pool Plan for the June 30, 2022 measurement date is 3.9 years.

The remaining amount will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amortization</u>
2024	\$ 2,379,641
2025	2,017,629
2026	1,302,151
2027	3,666,461
Total	<u>\$ 9,365,882</u>

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Experience Study	June 30, 2000 through June 30, 2019
Actuarial Cost Method	Entry Age Normal
Discount Rate	6.90%
Investment Rate of Return	6.90%
Consumer Price Inflation	2.30%
Wage Growth	Varies by Entry Age and Service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those rates include generational mortality improvements using 80% of scale MP 2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - Cap-weighted	30 %	4.54 %
Global Equity - Non-cap-weighted	12	3.84
Private Equity	13	7.28
Treasury	5	0.27
Mortgage-backed Securities	5	0.50
Investment Grade Corporates	10	1.56
High Yield	5	2.27
Emerging Market Debt	5	2.48
Private Debt	5	3.57
Real Assets	15	3.21
Leverage	(5)	(0.59)

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 EMPLOYEE RETIREMENT PLANS (CONTINUED)

California Public Employees Retirement System (CalPERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%, which was a decrease from 7.15% the prior fiscal year. This rate reflects the long-term expected rate of return for the Schools Pool Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% Decrease	\$ 73,564,385
Current Discount Rate	50,925,446
1% Increase	32,215,195

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2022, the CalPERS Board adopted new mortality assumptions for the plan. The new mortality table was developed from the 2021 experience study and includes generational mortality improvements using 80% of scale MP 2020 published by the Society of Actuaries. The inflation assumption is reduced from 2.50% to 2.30%. The discount rate and investment rate of return are reduced from 7.15% to 6.90%. Deferred outflows of resources for changes of assumptions represents the unamortized portion of this assumption change.

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate annual comprehensive financial report available on the CalPERS website. Copies of the CalPERS annual comprehensive financial report may be obtained from CalPERS.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 INTERNAL SERVICE FUND

The District is self-insured under the California Education Code Section 39602 for workers' compensation and employee vision and dental benefit claims. The District has obtained insurance coverage through a combination of commercial insurance and intergovernmental risk pooling that will cover claims within the following ranges to supplement its self-insurance program:

<u>Insurance Program</u>	<u>Limits</u>
Workers' Compensation	Occurrences Exceeding \$500,000 Up to Statutory Limits
Employee Vision and Dental Benefits	Occurrences Up to \$2,200 Per Employee Yearly

The self-insurance activity for the dental program and the workers' compensation has been recorded in the Internal Service Fund. There were no claims settled in 2023 which exceeded the excess insurance amount. Changes in the claim's liability for workers' compensation in fiscal years 2022-23 were as follows:

<u>Reported Liability</u>	<u>Beginning Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Fiscal Year Liability</u>
Worker's Compensation	\$ 4,344,623	\$ (592,322)	\$ 390,066	\$ 3,362,235
Dental Program	88,584	407,076	407,076	88,584
Total	<u>\$ 4,433,207</u>	<u>\$ (185,246)</u>	<u>\$ 797,142</u>	<u>\$ 3,450,819</u>

NOTE 16 JOINT POWERS AGREEMENTS

The District participates in three joint powers agreement (JPA) entities, the Alliance of Schools for Cooperative Insurance Programs (ASCIP), the Schools' Excess Liability Fund (SELF), and the Self-Insured Schools of California (SISC) public risk pools. The District also participates in a joint venture under a joint power agreement with North Orange County Regional Occupational program (NOCROP).

ASCIP arranges for and provides property and liability insurance for its member school districts. The District pays a premium commensurate with the level of coverage requested. ASCIP is governed by a board consisting of 25 elected members and alternatives.

SELF arranges for and provides a self-funded excess liability fund for its member public educational agencies. SELF is governed by a board of 32 elected voting members, elected alternates and two ex-official members. The board controls the operations of SELF, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board. Each member pays an annual contribution based upon that calculated by SELF's Board of Directors and shares surpluses and deficits proportionately to its participation in SELF.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 JOINT POWERS AGREEMENTS (CONTINUED)

SISC provides health and welfare benefits for its member school districts.

North Orange County Regional Occupational Program (NOCROP) provides occupational training for high school students and adults residing in the member districts.

Each JPA is governed by a board consisting of representatives from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards. In addition, each JPA is independently accountable for its fiscal matters. Member districts share surpluses and deficits proportionately to their participation in the JPA. Separate financial statements for each JPA may be obtained from the respective entity. The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

NOTE 17 COMMITMENTS AND CONTINGENCIES

Litigation

At time, the District is involved in claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District's financial statements.

State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes, including reimbursement of mandated costs, which 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.

County School Facilities Funds

The District is currently involved in modernization projects funded through the State School Facilities Program. These projects are subject to future audits by the State, which may result in other adjustments to the fund.

Purchase Commitments

As of June 30, 2023, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately \$2.6 million. Projects will be funded through bond proceeds and redevelopment pass-through distributions.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18 SUBSEQUENT EVENTS

Worker's Compensation Claims Liability

The District entered into an agreement effective December 1, 2023, whereby all outstanding workers compensation liability was assigned to a third party company at a cost of \$4,393,078 releasing the District of all remaining liability.

REQUIRED SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF BUDGETARY COMPARISON FOR THE GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budgetary Amounts - General Fund		Actual Amounts General Fund	(a) Fund Basis to GAAP	Actual Amounts GAAP Basis
	Original	Final			
REVENUES					
Local Control Funding Formula (LCFF):					
State Apportionments	\$ 69,791,823	\$ 77,031,574	\$ 76,082,688	\$ -	\$ 76,082,688
Local Sources	85,599,663	89,678,330	90,557,741	-	90,557,741
Total LCFF Sources	155,391,486	166,709,904	166,640,429	-	166,640,429
Federal Sources	17,860,329	16,023,171	13,013,190	-	13,013,190
Other State Sources	15,426,575	31,664,606	34,535,756	-	34,535,756
Other Local Sources	12,937,687	14,933,142	16,076,223	186,206	16,262,429
Total Revenues	201,616,077	229,330,823	230,265,598	186,206	230,451,804
EXPENDITURES					
Certificated salaries	79,730,380	77,297,888	81,130,266	-	81,130,266
Classified Salaries	23,115,725	24,942,527	25,421,270	-	25,421,270
Employee Benefits	53,882,326	55,121,666	54,284,881	-	54,284,881
Books and Supplies	22,634,248	16,101,386	10,766,963	9,631	10,776,594
Services and Other Operating Expenditures	21,991,842	29,761,948	23,112,676	3,770,093	26,882,769
Capital Outlay	1,369,013	6,090,277	4,715,989	-	4,715,989
Other Outgo and Indirect Costs	5,118,361	6,026,482	5,623,071	-	5,623,071
Total Expenditures	207,841,895	215,342,174	205,055,116	3,779,724	208,834,840
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,225,818)	13,988,649	25,210,482	(3,593,518)	21,616,964
OTHER FUNDING SOURCES (USES)					
Interfund Transfers In (b)	805,177	805,177	805,177	(805,177)	-
Interfund Transfers Out (b)	(3,250,000)	(3,844,010)	(6,350,000)	5,700,000	(650,000)
Total Other Financing Sources (Uses)	(2,444,823)	(3,038,833)	(5,544,823)	4,894,823	(650,000)
NET CHANGE IN FUND BALANCES	<u>\$ (8,670,641)</u>	<u>\$ 10,949,816</u>	19,665,659	1,301,305	20,966,964
Fund Balance - Beginning of Year			60,031,962	11,196,189	71,228,151
FUND BALANCE - END OF YEAR			<u>\$ 79,697,621</u>	<u>\$ 12,497,494</u>	<u>\$ 92,195,115</u>

(a) Amounts presented are the result of the District including activity of the Deferred Maintenance Fund, Special Reserve Fund for Other than Capital Outlay, and the Special Reserve Fund for Postemployment Benefits Fund.

(b) Interfund activity between the General Fund, Deferred Maintenance Fund, and the Special Reserve Fund for Other than Capital Outlay is eliminated.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS – RETIREE BENEFITS PLAN
YEARS ENDED JUNE 30,**

Retiree Benefits Plan	2023	2022	2021
Total OPEB Liability:			
Service Cost	\$ 2,942,942	\$ 3,956,732	\$ 3,776,278
Interest Cost	2,465,266	1,580,781	1,774,569
Differences Between Expected and Actual Experience	-	(5,864,067)	-
Changes in Assumptions	1,312,628	(8,614,809)	2,547,275
Expected Benefit Payments	(2,068,548)	(2,503,268)	(2,451,697)
Net Change in Total OPEB Liability	4,652,288	(11,444,631)	5,646,425
Total OPEB Liability - Beginning	58,356,423	69,801,054	64,154,629
Total OPEB Liability - Ending	<u>\$ 63,008,711</u>	<u>\$ 58,356,423</u>	<u>\$ 69,801,054</u>
District's Covered Payroll	\$ 86,573,202	\$ 89,350,272	\$ 82,271,341
Total OPEB Liability as a Percentage of Covered Payroll	73%	65%	85%
	2020	2019	2018
Total OPEB Liability:			
Service Cost	\$ 2,851,179	\$ 2,868,535	\$ 2,928,786
Interest Cost	1,621,841	1,646,958	1,637,733
Differences Between Expected and Actual Experience	(7,911,225)	-	-
Changes in Assumptions	13,586,439	815,295	622,561
Expected Benefit Payments	(2,528,465)	(2,371,439)	(2,001,577)
Net Change in Total OPEB Liability	7,619,769	2,959,349	3,187,503
Total OPEB Liability - Beginning	56,534,860	53,575,511	50,388,008
Total OPEB Liability - Ending	<u>\$ 64,154,629</u>	<u>\$ 56,534,860</u>	<u>\$ 53,575,511</u>
District's Covered Payroll	\$ 85,176,500	\$ 77,229,402	\$ 80,637,172
Total OPEB Liability as a Percentage of Covered Payroll	75%	73%	66%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY – MEDICARE PREMIUM PAYMENT PLAN
YEARS ENDED JUNE 30,**

Medicare Premium Payment (MPP) Program	2023	2022	2021
Measurement Date	6/30/2022	6/30/2021	6/30/2020
District's Proportion of the Net OPEB Liability	0.226%	0.233%	0.193%
District's Proportionate Share of the Net OPEB Liability	\$ 744,469	\$ 930,057	\$ 817,905
District's Covered Payroll *	\$ -	\$ -	\$ -
Net OPEB liability as a Percentage of Covered Payroll *	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.94%	-0.80%	-0.71%
	2020	2019	2018
Measurement Date	6/30/2019	6/30/2018	6/30/2017
District's Proportion of the Net OPEB Liability	0.191%	0.198%	0.198%
District's Proportionate Share of the Net OPEB Liability	\$ 711,278	\$ 757,883	\$ 833,002
District's Covered Payroll *	\$ -	\$ -	\$ -
Net OPEB liability as a Percentage of Covered Payroll *	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.81%	-0.40%	0.01%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is required to be presented retroactively. Years will be added to this schedule as future data becomes available.

* Plan participants are limited to retirees; therefore covered payroll is zero.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEARS ENDED JUNE 30,**

CalSTRS - STRP	2023	2022	2021	2020	2019
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's Proportion of the Net Pension Liability (NPL)	0.129%	0.133%	0.127%	0.124%	0.126%
District's Proportionate Share of the NPL	\$ 89,636,940	\$ 60,525,640	\$123,074,430	\$111,991,840	\$115,802,820
State's Proportionate Share of the NPL Associated with the District	44,890,442	30,454,789	63,444,370	61,099,519	66,302,855
Total	<u>\$134,527,382</u>	<u>\$ 90,980,429</u>	<u>\$186,518,800</u>	<u>\$173,091,359</u>	<u>\$182,105,675</u>
District's Covered Payroll	\$ 75,800,000	\$ 73,800,000	\$ 70,000,000	\$ 67,100,000	\$ 68,600,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	118%	82%	176%	167%	169%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81%	87%	72%	73%	71%
	2018	2017	2016	2015	
Measurement Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	
District's Proportion of the NPL	0.126%	0.128%	0.128%	0.145%	
District's Proportionate Share of the NPL	\$116,524,800	\$103,527,680	\$ 86,174,720	\$ 84,733,650	
State's Proportionate Share of the NPL Associated with the District	68,935,649	58,945,139	45,576,805	51,166,350	
Total	<u>\$185,460,449</u>	<u>\$162,472,819</u>	<u>\$131,751,525</u>	<u>\$135,900,000</u>	
District's Covered Payroll	\$ 67,800,000	\$ 65,500,000	\$ 61,700,000	\$ 61,200,000	
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	172%	158%	140%	138%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69%	70%	74%	77%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
YEARS ENDED JUNE 30,**

CalPERS - Schools Pool Plan	2023	2022	2021	2020	2019
Measurement Period	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
District's Proportion of the Net Pension Liability (NPL)	0.1480%	0.1471%	0.1445%	0.1431%	0.1484%
District's Proportionate Share of the NPL	\$ 50,925,446	\$ 29,911,950	\$ 44,337,045	\$ 41,705,424	\$ 39,568,112
District's Covered Payroll	\$ 21,850,000	\$ 20,300,000	\$ 21,100,000	\$ 19,100,000	\$ 19,100,000
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	233%	147%	210%	218%	207%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70%	81%	70%	70%	71%
	2018	2017	2016	2015	
Measurement Period	6/30/2017	6/30/2016	6/30/2015	6/30/2014	
District's Proportion of the NPL	0.1491%	0.1477%	0.1576%	0.1665%	
District's Proportionate Share of the NPL	\$ 35,586,943	\$ 29,170,841	\$ 23,230,396	\$ 18,901,804	
District's Covered Payroll	\$ 18,800,000	\$ 17,200,000	\$ 17,500,000	\$ 17,400,000	
District's Proportionate Share of the NPL as a Percentage of its Covered Payroll	189%	170%	133%	109%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72%	74%	79%	83%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION
YEARS ENDED JUNE 30,**

CalSTRS - STRP	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 15,342,985	\$ 12,821,580	\$ 11,912,650	\$ 11,969,223	\$ 10,931,159
Contributions in Relation to the Contractually Required Contribution	15,342,985	12,821,580	11,912,650	11,969,223	10,931,159
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 80,300,000	\$ 75,800,000	\$ 73,800,000	\$ 70,000,000	\$ 67,100,000
Contributions as a Percentage of Covered Payroll	19.10%	16.92%	16.15%	17.10%	16.28%
	2018	2017	2016	2015	
Contractually Required Contribution	\$ 9,905,356	\$ 8,530,519	\$ 7,032,883	\$ 5,489,463	
Contributions in Relation to the Contractually Required Contribution	9,905,356	8,530,519	7,032,883	5,489,463	
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	
District's Covered Payroll	\$ 68,600,000	\$ 67,800,000	\$ 65,500,000	\$ 61,700,000	
Contributions as a Percentage of Covered Payroll	14.43%	12.58%	10.73%	8.88%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTION (CONTINUED)
YEARS ENDED JUNE 30,**

CalPERS - Schools Pool Plan	2023	2022	2021	2020	2019
Contractually Required Contribution	\$ 5,931,775	\$ 5,007,751	\$ 4,203,740	\$ 4,161,123	\$ 3,451,521
Contributions in Relation to the Contractually Required Contribution	5,931,775	5,007,751	4,203,740	4,161,123	3,451,521
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 23,400,000	\$ 21,850,000	\$ 20,300,000	\$ 21,100,000	\$ 19,100,000
Contributions as a Percentage of Covered Payroll	25.37%	22.91%	20.70%	19.72%	18.06%
	2018	2017	2016	2015	
Contractually Required Contribution	\$ 2,958,788	\$ 2,621,751	\$ 2,032,987	\$ 2,062,164	
Contributions in Relation to the Contractually Required Contribution	2,958,788	2,621,751	2,032,987	2,062,164	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's Covered Payroll	\$ 19,100,000	\$ 18,800,000	\$ 17,200,000	\$ 17,500,000	
Contributions as a Percentage of Covered Payroll	15.53%	13.89%	11.85%	11.77%	

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Budgetary Comparison for the General Fund

A budgetary comparison is presented for the General Fund. This schedule presents the budget as originally adopted, the revised budget as of the fiscal year-end, actual amounts at fiscal year-end, and any adjustments needed to present the amounts in accordance with accounting principles generally accepted in the United States of America.

Schedule of Changes in the Total OPEB Liability and Related Ratios – Retiree Benefits Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pension associated with the District's retiree benefits plan. The District has not established a plan or equivalent that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the Plan and that are legally protected from creditors. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2022-23

The District applied a new discount rate decreasing the rate from 4.09% to 4.13%.

2021-22

The District applied a new discount rate decreasing the rate from 2.18% to 4.09%.

2020-21

The District applied a new discount rate decreasing the rate from 2.66% to 2.18%.

2019-20

The District applied a new discount rate decreasing the rate from 2.79% to 2.66%.

2018-19

The District applied a new discount rate decreasing the rate from 2.98% to 2.79%.

Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan

The schedule is intended to show trends about the changes in the District's actuarially determined liability for the Medicare Premium Payment plan. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2021-22

CalSTRS applied a new discount rate decreasing the rate from 2.16% to 3.54%.

2020-21

CalSTRS applied a new discount rate decreasing the rate from 2.21% to 2.16%.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of the District's Proportionate Share of the Net OPEB Liability – Medicare Premium Payment Plan (Continued)

Changes of Assumptions:

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates. CalSTRS also applied a new discount rate decreasing the rate from 3.50% to 2.21%.

2018-19

CalSTRS applied a new discount rate decreasing the rate from 3.87% to 3.50%.

2017-18

CalSTRS applied a new discount rate increasing the rate from 3.58% to 3.87%.

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the state's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Benefit changes – None

Changes of Assumptions:

2021-22

CalPERS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 2.50% to 2.30%. A new discount rate was applied decreasing the rate from 7.15% to 6.90%.

2019-20

CalSTRS Board adopted a new experience study which updated assumptions for termination rates and service rates.

2018-19

CalPERS Board adopted new mortality assumptions for the plan. Assumption for inflation rate was reduced from 2.75% to 2.50%. Assumption for individual salary increases and overall payroll growth was reduced from 3.00% to 2.75%.

2017-18

CalSTRS Board adopted new mortality assumptions and new mortality tables for the plan. Assumption for inflation rate was reduced from 3.00% to 2.75%. Assumption for payroll growth was reduced from 3.75% to 3.50%.

CalPERS applied a new discount rate decreasing the rate from 7.65% to 7.15%.

2015-16

CalPERS applied a new discount rate increasing the rate from 7.50% to 7.65%.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedules of District Contributions – CalSTRS (STRP) and CalPERS (Schools Pool Plan)

The schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

NOTE 2 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the General Fund by major object as follows.

Object Account	Amount
Certificated Salaries	\$ 3,832,378
Classified Salaries	478,743

SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
LEA ORGANIZATION STRUCTURE
YEAR ENDED JUNE 30, 2023**

The Fullerton Joint Union High School District (the District) was established in 1893 under the laws of the state of California and consists of an area comprising approximately 55 square miles. There were no changes in the boundaries of the District during the current year. The District operates under a locally elected five-member board form of government and provides educational services to grades 9–12 as mandated by the state and/or federal agencies. The District operates 6 high schools, one continuation high school, and one alternative high school.

The Board of Education and the District Administrators for the fiscal year ended June 30, 2023 were as follows:

BOARD OF TRUSTEES

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Joanne Fawley	President	November 30, 2024
Chester Jeng	Clerk	November 30, 2026
Marilyn Buchi	Member	November 30, 2026
Vicki Calhoun	Member	November 30, 2024
Lauren Klatzker	Member	November 30, 2026

DISTRICT ADMINISTRATORS

Steve McLaughlin, Ed.D	Superintendent
Ed Atkinson	Assistant Superintendent – Human Services
Ruben Hernandez	Assistant Superintendent – Business Services
Sylvia Kaufman	Assistant Superintendent – Education and Assessment Services
Karl Zener	Executive Director – Administrative Services

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
YEAR ENDED JUNE 30, 2023**

The requirements governing ADA, admission of pupils, types of schools, recording and reporting of pupil attendance, and similar matters are controlled by provisions of the Education Code and by regulations of the California Department of Education.

ADA statistics reported to the state for the fiscal year ended June 30, 2023 are as follows:

	Second Period Certificate # 93273AA9	Annual Certificate # 541B0831
Grades Nine through Twelve:		
Regular ADA	12,337.88	12,295.33
Special Education - Nonpublic, Nonsectarian Schools	18.34	13.69
Extended Year Special Education - Nonpublic, Nonsectarian Schools	2.28	2.28
Total Grades Nine through Twelve ADA	<u>12,358.50</u>	<u>12,311.30</u>

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2023**

<u>Grade Level</u>	<u>Minutes Requirements</u>	<u>Minutes Offered</u>	<u>Days Offered Traditional</u>	<u>Status</u>
Grade 9	64,800	65,340	180	In Compliance
Grade 10	64,800	65,340	180	In Compliance
Grade 11	64,800	65,340	180	In Compliance
Grade 12	64,800	65,340	180	In Compliance

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT 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 Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
United States Department of Agriculture				
Pass-Through Program from California Department of Education (CDE):				
Child Nutrition Cluster:				
National School Lunch Program	10.555	13390	\$ 2,301,916	\$ -
Summer Food Service Program	10.559	13004	65,383	-
Subtotal Child Nutrition Cluster			2,367,299	-
Child Nutrition: NSLP Equipment Assistance Grants	10.579	14906	90,000	-
Child Nutrition Program-Child and Adult Care Food Program	10.558	13666	385,204	-
Total United States Department of Agriculture			2,842,503	-
United States Department of Education				
Pass-Through Program from North Orange County (NOC) SELPA:				
Special Education Cluster:				
Grants to States (IDEA, Part B)	84.027	13379	1,962,116	-
COVID-19 - Grants to States (IDEA, Part B)	84.027	15638	389,643	-
Early Intervening Services (IDEA, Part B)	84.027	10119	238,488	-
Mental Health Services (IDEA, Part B)	84.027	15197	418,799	-
Subtotal Special Education (IDEA) Cluster			3,009,046	-
Total Pass-Through Program from NOC SELPA			3,009,046	-
Pass-Through Program from CDE:				
Title I:				
Title I, Part A - Low Income and Neglected	84.010	14329	1,957,201	-
School Improvement Funding	84.010	15438	324,969	-
Subtotal Title I			2,282,170	-
Education Stabilization Fund (ESF):				
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) II	84.425D	15547	661	-
COVID-19 - ESSER III	84.425D	15559	3,177,983	-
COVID-19 - ESSER III, Learning Loss	84.425U	10155	801,712	-
COVID-19 - Expanded Learning Opportunities (ELO) Grant ESSER II	84.425D	15618	1,445,327	-
COVID-19 - ELO Grant ESSER II, Learning Loss	84.425U	15621	332,793	-
COVID-19 - ELO Grant Governor's GEER II	84.425C	15619	331,715	-
Subtotal Education Stabilization Fund			6,090,191	-
Other Programs:				
Title II, Part A - Improving Teacher Quality	84.367	14341	360,156	-
Title III - English Learner Student Program	84.365	14346	130,692	-
Title IV, Part A - Student Support & Academic Enrichment Grants	84.424	15396	190,793	-
Career and Technical Education - Secondary	84.048	14894	266,205	-
Total Pass-Through Program from CDE			9,320,207	-
Total: United States Department of Education			12,329,253	-
Total Expenditures of Federal Awards			\$ 15,171,756	\$ -

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Reconciliation to Federal Revenue

Total Federal Program Expenditures	\$ 15,171,756
Revenues in Excess (Deficiency) of Expenditures Related to Federal Entitlements:	
Junior Reserve Officer Training Corp (JROTC)	683,937
Total Federal Program Revenue	<u>\$ 15,855,693</u>

The District is the recipient of a federal award program that does not result in cash receipts or disbursements.

The District was granted \$225,763 of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

	2024 (Budgeted)	2023	2022	2021
Revenue	\$ 236,598,951	\$ 230,265,598	\$ 199,633,652	\$ 192,731,658
Other Sources and Transfers In	577,112	805,177	1,060,293	805,177
Total Revenue and Other Sources	<u>237,176,063</u>	<u>231,070,775</u>	<u>200,693,945</u>	<u>193,536,835</u>
Expenditures	237,759,323	205,055,116	196,440,732	185,206,713
Other Uses and Transfers Out	3,250,000	6,350,000	3,505,116	3,250,000
Total Expenditures and Other Uses	<u>241,009,323</u>	<u>211,405,116</u>	<u>199,945,848</u>	<u>188,456,713</u>
Change in Fund Balance	<u>(3,833,260)</u>	<u>19,665,659</u>	<u>748,097</u>	<u>5,080,122</u>
Ending Fund Balance	<u>\$ 75,864,361</u>	<u>\$ 79,697,621</u>	<u>\$ 60,031,962</u>	<u>\$ 59,283,865</u>
Available Reserve	<u>\$ 17,551,970</u>	<u>\$ 21,815,494</u>	<u>\$ 48,192,659</u>	<u>\$ 47,048,223</u>
Available Reserve %	7.4%	10.6%	24.5%	25.4%
ADA	<u>12,202</u>	<u>12,473</u>	<u>12,970</u>	<u>13,004</u>
Total Long-Term Liabilities	<u>\$ 406,492,007</u>	<u>\$ 416,274,895</u>	<u>\$ 368,761,120</u>	<u>\$ 464,893,166</u>

The amounts above are those reported as General Fund in the Annual Financial and Budget Report and do not include special revenue funds included in the General Fund of the governmental funds' financial statements.

Available reserves are those amounts reserved for economic uncertainty and any other remaining unassigned fund balance from the General Fund. For a District this size, the state recommends a 3% reserve of total General Fund expenditures, transfers out and other uses. The District has met this requirement for all years presented.

The 2024 budget is the original budget adopted on June 13, 2023.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2023**

The District is not the granting agency for any Charter Schools.

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE ANNUAL FINANCIAL AND BUDGET REPORT
WITH THE AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

Differences between the fund balances reported on the June 30, 2023 *Annual Financial and Budget Report* for the governmental funds and the audited financial statements occurred in the following funds:

	<u>General Fund</u>	<u>Self-Insurance Fund</u>
Annual Financial and Budget Report Fund Balance	\$ 90,962,271	\$ 6,464,079
Adjustments and Reclassifications:		
Post Closing Entry - LCFF EPA Adjustment	1,232,844	-
Post Closing Entry - IBNR Reconciliation to Actuarial Reports	<u>-</u>	<u>982,388</u>
June 30, 2023 Audited Fund Balance	<u>\$ 92,195,115</u>	<u>\$ 7,446,467</u>

See accompanying Notes to Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of article 8 (commencing with section 46200) of chapter 2 of part 26 of the Education Code.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect Cost Rate

The District did not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Schedule of Financial Trends and Analysis

The *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule be prepared showing financial trends of the general fund over the past three fiscal years as well as the current year budget. This report is intended to identify if the District faces potential fiscal problems and if they have met the recommended available reserve percentages.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES (CONTINUED)

Schedule of Charter Schools

The *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* requires that this schedule list all charter schools chartered by the District and inform the users whether or not the charter school information is included in the District's financial statements.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the annual Financial and Budget Report form to the audited financial statements.

OPTIONAL SUPPLEMENTARY INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund
ASSETS				
Cash in County Treasury	\$ -	\$ 3,958,927	\$ 5,744,406	\$ 138,356
Cash in Banks	2,550,178	-	-	-
Cash in Revolving Fund	-	10,112	-	-
Accounts Receivable	-	757,094	16,752	429
Due from Other Funds	-	918,389	-	-
Stores	1,480	37,984	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,551,658</u>	<u>\$ 5,682,506</u>	<u>\$ 5,761,158</u>	<u>\$ 138,785</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 300,890	\$ 1,192,738	\$ -
Due to Other Funds	-	137,180	-	-
Unearned Revenue	-	70,275	-	-
Total Liabilities	<u>-</u>	<u>508,345</u>	<u>1,192,738</u>	<u>-</u>
FUND BALANCES				
Nonspendable	1,480	48,096	-	-
Restricted	2,550,178	5,126,065	4,568,420	138,785
Committed	-	-	-	-
Total Fund Balances	<u>2,551,658</u>	<u>5,174,161</u>	<u>4,568,420</u>	<u>138,785</u>
Total Liabilities and Fund Balances	<u>\$ 2,551,658</u>	<u>\$ 5,682,506</u>	<u>\$ 5,761,158</u>	<u>\$ 138,785</u>

See accompanying Notes to Optional Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2023**

	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash in County Treasury	\$ 4,049,340	\$ 15,595	\$ 9,064,352	\$ 22,970,976
Cash in Banks	-	-	-	2,550,178
Cash in Revolving Fund	-	-	-	10,112
Accounts Receivable	12,548	48	44,790	831,661
Due from Other Funds	650,000	-	-	1,568,389
Stores	-	-	-	39,464
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,711,888</u>	<u>\$ 15,643</u>	<u>\$ 9,109,142</u>	<u>\$ 27,970,780</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ -	\$ 1,840	\$ -	\$ 1,495,468
Due to Other Funds	-	-	-	137,180
Unearned Revenue	-	-	-	70,275
Total Liabilities	<hr/> -	<hr/> 1,840	<hr/> -	<hr/> 1,702,923
FUND BALANCES				
Nonspendable	-	-	-	49,576
Restricted	-	13,803	9,109,142	21,506,393
Committed	4,711,888	-	-	4,711,888
Total Fund Balances	<hr/> 4,711,888	<hr/> 13,803	<hr/> 9,109,142	<hr/> 26,267,857
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 4,711,888</u>	<u>\$ 15,643</u>	<u>\$ 9,109,142</u>	<u>\$ 27,970,780</u>

See accompanying Notes to Optional Supplementary Information.

FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	Student Activity Fund	Cafeteria Fund	Capital Facilities Fund	County Schools Facilities Fund
REVENUES				
Federal Sources	\$ -	\$ 2,842,503	\$ -	\$ -
Other State Sources	-	3,394,528	-	-
Other Local Sources	4,832,496	301,447	3,555,861	3,853
Total Revenues	<u>4,832,496</u>	<u>6,538,478</u>	<u>3,555,861</u>	<u>3,853</u>
EXPENDITURES				
Pupil Services	-	3,834,542	-	-
Ancillary Services	4,684,335	-	-	-
General Administration	-	118,343	44,523	-
Plant Services	-	320,768	142,606	55,834
Other Outgo	-	-	2,309,148	-
Debt Service	-	-	-	-
Total Expenditures	<u>4,684,335</u>	<u>4,273,653</u>	<u>2,496,277</u>	<u>55,834</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	148,161	2,264,825	1,059,584	(51,981)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	-	-	-	-
Interfund Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	148,161	2,264,825	1,059,584	(51,981)
Fund Balances - Beginning of Year	<u>2,403,497</u>	<u>2,909,336</u>	<u>3,508,836</u>	<u>190,766</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,551,658</u>	<u>\$ 5,174,161</u>	<u>\$ 4,568,420</u>	<u>\$ 138,785</u>

See accompanying Notes to Optional Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

	Special Reserve Fund for Capital Outlay Projects	Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Total Nonmajor Governmental Funds
REVENUES				
Federal Sources	\$ -	\$ -	\$ -	\$ 2,842,503
Other State Sources	-	-	55,866	3,450,394
Other Local Sources	60,770	212	12,055,510	20,810,149
Total Revenues	60,770	212	12,111,376	27,103,046
EXPENDITURES				
Pupil Services	-	-	-	3,834,542
Ancillary Services	-	-	-	4,684,335
General Administration	-	-	-	162,866
Plant Services	1,669	6,775	-	527,652
Other Outgo	-	-	-	2,309,148
Debt Service	-	-	11,868,121	11,868,121
Total Expenditures	1,669	6,775	11,868,121	23,386,664
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	59,101	(6,563)	243,255	3,716,382
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	650,000	20,000	-	670,000
Interfund Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	650,000	20,000	-	670,000
NET CHANGES IN FUND BALANCE	709,101	13,437	243,255	4,386,382
Fund Balances - Beginning of Year	4,002,787	366	8,865,887	21,881,475
FUND BALANCES - END OF YEAR	<u>\$ 4,711,888</u>	<u>\$ 13,803</u>	<u>\$ 9,109,142</u>	<u>\$ 26,267,857</u>

See accompanying Notes to Optional Supplementary Information.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO OPTIONAL SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULES

Combining Fund Financial Statements

A combining fund balance sheet and statement of revenues, expenditures, and changes in fund balance has been presented for the nonmajor funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to the financial statements.

OTHER INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' 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***

Board of Directors
Fullerton Joint Union High School District
Fullerton, California

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 Fullerton Joint 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 February 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

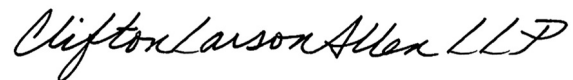
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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

CliftonLarsonAllen LLP

Glendora, California
February 21, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fullerton Joint 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 auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' 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.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a significant deficiency.

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

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

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



CliftonLarsonAllen LLP

Glendora, California
February 21, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER STATE COMPLIANCE

Board of Trustees
Fullerton Joint Union High School District
Fullerton, California

Report on State Compliance

Opinion on State Compliance

We have audited the Fullerton Joint 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*, published by the Education Audit Appeals Panel applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel. Our responsibilities under those standards are further described in the Auditors' 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 the state compliance requirements as identified in the table provided below. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for State 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, no such opinion is expressed; and

Board of Trustees
Fullerton Joint Union High School District

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Independent Study	No ¹
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Not Applicable
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Not Applicable
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

¹ We did not perform testing for independent study because the ADA was under the level which requires testing.

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

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Glendora, California
February 21, 2024

FINDINGS AND QUESTIONED COSTS

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)

84.010
84.425

Name of Federal Program or Cluster

Title I
COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ \$750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

All audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
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

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

2023–001: Education Stabilization Fund

50000

Federal Agency: U.S. Department of Education

Federal Program Name: Education Stabilization Fund

Assistance Listing Number: 84.425C, 84.425D & 84.425U

Pass-Through Agency: California Department of Education

Award Period: July 1, 2022 through June 30, 2023

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* requires compliance with the provisions of Equipment/Real Property Management. 2 CFR Part 200.439 specifies capital expenditures are unallowable as direct charges, except with the prior written approval of the Federal awarding agency or pass-through entity. 2 CFR Part 200.303 requires the District establish and maintain effective internal controls over the Federal award to ensure compliance with those provisions.

Condition: During our testing, we noted the District did not have adequate internal controls designed to ensure construction related expenditures had prior approval from the pass-through entity for one out of the five construction related expenditures tested.

Questioned costs: \$145,718.

Context: There were a total of five construction related expenditure projects charged to the federal program totaling \$1,869,807 and all five were tested of which one project totaling \$145,718 did not have the required prior approval from the pass-through entity.

Cause: The District had turnover in the facilities department and this step was missed on one of the expenditures.

Effect: The District did not obtain the prior approval from the pass-through entity on one of the construction related expenditure projects and resulting in noncompliance.

Repeat Finding: No.

Recommendation: We recommend the District design procedures and controls to ensure adequate prior approval of construction related expenditures charged to the Education Stabilization Fund program.

Views of responsible officials: Management agrees with the finding and has developed a plan to correct the finding.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2023**

Section IV – Findings and Questioned Costs – State Compliance

Our audit did not disclose any matters required to be reported in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023**

2022-001 Internal Control – Construction Year-End Accruals

30000

Material Weakness in Internal Control over Financial Reporting

Criteria: Expenditures should be recognized in the accounting period in which the liability is incurred. This includes construction amounts that have been incurred but are being held as retention pending completion of the project.

Condition: Two construction projects did not record the 5% retention amounts that have been incurred but are being held pending completion of the projects. This appears to be isolated to only these specific types of expenditures.

Repeat Finding: No

Recommendation: We recommend that the District implement a final review procedure that includes the accrual of construction project amounts that have been incurred but are being held as retention pending completion of the projects as part of the closing process.

Current Status: Implemented

CONTINUING DISCLOSURE INFORMATION

**FULLERTON JOINT UNION HIGH SCHOOL DISTRICT
CONTINUING DISCLOSURE INFORMATION (UNAUDITED)
JUNE 30, 2023**

Assessed valuation for fiscal year 2022-23

\$ 41,619,014,705

**LARGEST LOCAL SECURED TAXPAYERS
Fullerton Joint Union High School District
Fiscal Year 2022-23**

	Property Owner	Primary Land Use	2022-23 Assessed Valuation	% of Total ⁽¹⁾
1	IMP Valentia LP	Apartments	\$ 181,451,051	0.44 %
2	Comref So Ca Industrial Sub A & P LLC	Industrial	164,521,923	0.40
3	The Source at Beach LLC	Commercial	144,612,085	0.35
4	Centerpointe Properties Trust	Commercial	142,767,921	0.34
5	Aspect Acquisition LLC	Apartments	140,458,476	0.34
6	Prologis USLV Subreit 3 LLC	Commercial	130,972,721	0.31
7	FHF I Amerige Pointe LLC	Apartments	125,769,307	0.30
8	3503 RP Fullerton Metrocenter Land LLC	Commercial	121,333,498	0.29
9	GLC Fullerton LLC	Industrial	120,621,833	0.29
10	Alticor Inc.	Industrial	119,113,457	0.29
11	CVS Pharmacy Inc.	Industrial	111,908,746	0.27
12	Uptown Fullerton LLC	Apartments	108,270,969	0.26
13	La Habra Association	Commercial	106,043,427	0.25
14	Trea Amplifi Apartments LLC	Apartments	98,482,759	0.24
15	University House Fullerton LLC	Apartments	97,996,583	0.24
16	Corecare III	Apartments	96,401,333	0.23
17	Rreef America REIT II Corp.	Industrial	95,103,025	0.23
18	Realty Income Properties 14 LLC	Commercial	87,720,000	0.21
19	Fullerton Luxury Rentals LLC	Apartments	85,070,632	0.20
20	PRI Buena Park Industrial CA LLC	Industrial	82,688,398	0.20
Total Top 20			<u>\$ 2,361,308,144</u>	<u>5.68 %</u>

(1) FY2022-23 Local secured assessed valuation: \$41,619,014,705

